

U.S. Department of Justice
Washington, DC 20530

OMB NO. 1124-0002; Expires February 28, 2014

Supplemental Statement

**Pursuant to the Foreign Agents Registration Act of
1938, as amended**

For Six Month Period Ending 2/28/13

(Insert date)

I - REGISTRANT

1. (a) Name of Registrant

Downey McGrath Group, Inc.

(b) Registration No.

6122

(c) Business Address(es) of Registrant

1225 I Street, NW
Suite 600
Washington, DC 20005

2. Has there been a change in the information previously furnished in connection with the following?

(a) If an individual:

- | | | |
|---------------------------|------------------------------|-----------------------------|
| (1) Residence address(es) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Citizenship | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Occupation | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

(b) If an organization:

- | | | |
|--------------------------|------------------------------|--|
| (1) Name | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (2) Ownership or control | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (3) Branch offices | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(c) Explain fully all changes, if any, indicated in Items (a) and (b) above.

IF THE REGISTRANT IS AN INDIVIDUAL, OMIT RESPONSE TO ITEMS 3, 4, AND 5(a).

3. If you have previously filed Exhibit C¹, state whether any changes therein have occurred during this 6 month reporting period.

Yes ☐ No ☒

If yes, have you filed an amendment to the Exhibit C? Yes ☐ No ☐

If no, please attach the required amendment.

¹ The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, and by laws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause upon written application to the Assistant Attorney General, National Security Division, U.S. Department of Justice, Washington, DC 20530.)

4. (a) Have any persons ceased acting as partners, officers, directors or similar officials of the registrant during this 6 month reporting period?

Yes ☐ No ☒

If yes, furnish the following information:

Name	Position	Date Connection Ended
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(b) Have any persons become partners, officers, directors or similar officials during this 6 month reporting period?

Yes ☐ No ☒

If yes, furnish the following information:

Name	Residence Address	Citizenship	Position	Date Assumed
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5. (a) Has any person named in Item 4(b) rendered services directly in furtherance of the interests of any foreign principal?

Yes ☐ No ☒

If yes, identify each such person and describe the service rendered.

(b) During this six month reporting period, has the registrant hired as employees or in any other capacity, any persons who rendered or will render services to the registrant directly in furtherance of the interests of any foreign principal(s) in other than a clerical or secretarial, or in a related or similar capacity? Yes ☐ No ☒

Name	Residence Address	Citizenship	Position	Date Assumed
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(c) Have any employees or individuals, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 6 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name	Position or Connection	Date Terminated
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(d) Have any employees or individuals, who have filed a short form registration statement, terminated their connection with any foreign principal during this 6 month reporting period? Yes ☒ No ☐

If yes, furnish the following information:

Name	Position or Connection	Foreign Principal	Date Terminated
See Attachment A			

6. Have short form registration statements been filed by all of the persons named in Items 5(a) and 5(b) of the supplemental statement?

Yes ☐ No ☐

If no, list names of persons who have not filed the required statement.

N/A

II - FOREIGN PRINCIPAL

7. Has your connection with any foreign principal ended during this 6 month reporting period? Yes ☒ No ☐
If yes, furnish the following information:

Foreign Principal
Bidzina Ivanishvili, Georgian Dream

Date of Termination
2/28/13

8. Have you acquired any new foreign principal(s)² during this 6 month reporting period? Yes ☐ No ☒
If yes, furnish the following information:

Name and Address of Foreign Principal(s)

Date Acquired

9. In addition to those named in Items 7 and 8, if any, list foreign principal(s)² whom you continued to represent during the 6 month reporting period.

N/A

10. (a) Have you filed exhibits for the newly acquired foreign principal(s), if any, listed in Item 8?

Exhibit A³ Yes ☐ No ☐

Exhibit B⁴ Yes ☐ No ☐

If no, please attach the required exhibit.

- (b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period? Yes ☒ No ☐

If yes, have you filed an amendment to these exhibits? Yes ☒ No ☐

If no, please attach the required amendment.

² The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or in major part by a foreign government, foreign political party, foreign organization or foreign individual. (See Rule 100(a) (9)). A registrant who represents more than one foreign principal is required to list in the statements he files under the Act only those principals for whom he is not entitled to claim exemption under Section 3 of the Act. (See Rule 208.)

³ The Exhibit A, which is filed on Form NSD-3 (Formerly CRM-157) sets forth the information required to be disclosed concerning each foreign principal.

⁴ The Exhibit B, which is filed on Form NSD-4 (Formerly CRM-155) sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

III - ACTIVITIES

11. During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 7, 8, or 9 of this statement? Yes ☒ No ☐

If yes, identify each foreign principal and describe in full detail your activities and services:

Bidzina Ivanishvili, Georgian Dream
See Attachment B

12. During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity⁵ as defined below? Yes ☒ No ☐

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

Bidzina Ivanishvili, Georgian Dream

See Attachment C

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits your foreign principal(s)? Yes ☐ No ☒

If yes, describe fully.

⁵ The term "political activity" means any activity that the person engaging in believes will, or that the person intends to, in any way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting or changing the domestic or foreign policies of the United States or with reference to political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

IV - FINANCIAL INFORMATION**14. (a) RECEIPTS-MONIES**

During this 6 month reporting period, have you received from any foreign principal named in Items 7, 8, or 9 of this statement, or from any other source, for or in the interests of any such foreign principal, any contributions, income or money either as compensation or otherwise? Yes ☒ No ☐

If no, explain why.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies.⁶

Date	From Whom	Purpose	Amount
9/11/12	Bidzina Ivanishvili via National Strategies LLC	Consulting Fee	\$25,000
10/24/12	Bidzina Ivanishvili via National Strategies LLC	Consulting Fee	\$25,000
			\$50,000
			Total

(b) RECEIPTS - FUNDRAISING CAMPAIGN

During this 6 month reporting period, have you received, as part of a fundraising campaign⁷, any money on behalf of any foreign principal named in Items 7, 8, or 9 of this statement? Yes ☐ No ☒

If yes, have you filed an Exhibit D to your registration? Yes ☐ No ☐

If yes, indicate the date the Exhibit D was filed. Date _____

(c) RECEIPTS-THINGS OF VALUE

During this 6 month reporting period, have you received any thing of value⁹ other than money from any foreign principal named in Items 7, 8, or 9 of this statement, or from any other source, for or in the interests of any such foreign principal?

Yes ☐ No ☒

If yes, furnish the following information:

Foreign Principal	Date Received	Thing of Value	Purpose
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^{6, 7} A registrant is required to file an Exhibit D if he collects or receives contributions, loans, moneys, or other things of value for a foreign principal, as part of a fundraising campaign. (See Rule 201(e)).

⁸ An Exhibit D, for which no printed form is provided, sets forth an account of money collected or received as a result of a fundraising campaign and transmitted for a foreign principal.

⁹ Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

15. (a) DISBURSEMENTS-MONIES

During this 6 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 7, 8, or 9 of this statement? Yes ☒ No ☐(2) transmitted monies to any such foreign principal? Yes ☐ No ☒

If no, explain in full detail why there were no disbursements made on behalf of any foreign principal.

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	To Whom	Purpose	Amount
9/27/12	Lufthansa	Travel	\$11852.00
10/4/12	Turkish Air	Travel	\$4874.60
10/3/12	Radisson Blu Iveria Hotel	Hotel	\$8554.66
10/2/12	Holiday Inn Tbilisi	Hotel	\$3170.00
9/21/12	Sea Song Tours	Travel	\$715.00
9/6/12	Frosch Travel	Fees	\$200.00
10/4/12	Four Seasons Istanbul	Hotel	\$1571.09
10/4/12	Istanbul	Foreign Transaction Fee	\$45.38
9/26/12	American Express	Fees	\$64.00

\$31,046.73

Total

(b) DISBURSEMENTS-THINGS OF VALUE

During this 6 month reporting period, have you disposed of anything of value¹⁰ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in Items 7, 8, or 9 of this statement?

Yes ☐No ☒

If yes, furnish the following information:

Date	Recipient	Foreign Principal	Thing of Value	Purpose
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(c) DISBURSEMENTS-POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value¹¹ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Yes ☒No ☐

If yes, furnish the following information:

Date	Amount or Thing of Value	Political Organization or Candidate	Location of Event
See attachment D			

10, 11 Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks" and the like.

V - INFORMATIONAL MATERIALS

16. (a) During this 6 month reporting period, did you prepare, disseminate or cause to be disseminated any informational materials?¹²

Yes ☒No ☐

See attachments C (1-7)

If Yes, go to Item 17.

(b) If you answered No to Item 16(a), do you disseminate any material in connection with your registration?

Yes ☐No ☐

If Yes, please forward the materials disseminated during the six month period to the Registration Unit for review.

17. Identify each such foreign principal.

Bidzina Ivanishvili, Georgian Dream

18. During this 6 month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating informational materials? Yes ☐ No ☒

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of informational materials include the use of any of the following:

☐ Radio or TV broadcasts☐ Magazine or newspaper☐ Motion picture films☐ Letters or telegrams☐ Advertising campaigns☒ Press releases☐ Pamphlets or other publications☐ Lectures or speeches☒ Other (specify) White Paper

Electronic Communications

☒ Email☒ Website URL(s): See Attachment E☐ Social media websites URL(s): _____☐ Other (specify) _____

20. During this 6 month reporting period, did you disseminate or cause to be disseminated informational materials among any of the following groups:

☒ Public officials☐ Newspapers☐ Libraries☒ Legislators☐ Editors☐ Educational institutions☒ Government agencies☐ Civic groups or associations☐ Nationality groups☐ Other (specify) _____

21. What language was used in the informational materials:

☒ English☐ Other (specify) _____

22. Did you file with the Registration Unit, U.S. Department of Justice a copy of each item of such informational materials disseminated or caused to be disseminated during this 6 month reporting period? Yes ☐ No ☒

23. Did you label each item of such informational materials with the statement required by Section 4(b) of the Act?

Yes ☒No ☐

¹² The term informational materials includes any oral, visual, graphic, written, or pictorial information or matter of any kind, including that published by means of advertising, books, periodicals, newspapers, lectures, broadcasts, motion pictures, or any means or instrumentality of interstate or foreign commerce or otherwise. Informational materials disseminated by an agent of a foreign principal as part of an activity in itself exempt from registration, or an activity which by itself would not require registration, need not be filed pursuant to Section 4(b) of the Act.

VI - EXECUTION

In accordance with 28 U.S.C. § 1746, the undersigned swear(s) or affirm(s) under penalty of perjury that he/she has (they have) read the information set forth in this registration statement and the attached exhibits and that he/she is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his/her (their) knowledge and belief, except that the undersigned make(s) no representation as to truth or accuracy of the information contained in the attached Short Form Registration Statement(s), if any, insofar as such information is not within his/her (their) personal knowledge.

(Date of signature)

(Print or type name under each signature or provide electronic signature¹³)

3-27-2013

Thomas J. Downey
THOMAS J. DOWNEY

¹³ This statement shall be signed by the individual agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions, if the registrant is an organization, except that the organization can, by power of attorney, authorize one or more individuals to execute this statement on its behalf.

Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment A to Supplemental Report
August 29, 2012 - February 28, 2013

Question 5(d):

Have any employees or individuals, who have filed a short form registration statement, terminated their connection with any foreign principal during this 6 month reporting period?

If yes, furnish the following information:

Name	Position or connection	Foreign Principal	Date
Thomas J. Downey	Chairman	Bidzina Ivanishvili, Georgian Dream	2/28/13
Raymond J. McGrath	President	Bidzina Ivanishvili, Georgian Dream	2/28/13
John P. Olinger	employee	Bidzina Ivanishvili, Georgian Dream	2/28/13
James Fitzella	employee	Bidzina Ivanishvili, Georgian Dream	2/28/13

Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment B to Supplemental Report
August 29, 2012 - February 28, 2013

Question 11:

During this 6 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 7, 8, or 9 of this statement?

For Bidzina Ivanishvili we communicated, through personal meetings, telephone calls and emails, with Members of the US House of Representatives and their staffs, Senators and their staffs, employees of the Executive Branch including the Executive Office of the President and the Department of State. The purpose of these communications was to convey the views of Mr. Ivanishvili on the situation in the Republic of Georgia, including the October 1 parliamentary election in which he was a candidate. In furtherance of our work, we communicated with other US firms working with Mr. Ivanishvili to develop and co-ordinate strategies.

Downey McGrath Group, Inc.
 FARA Registration # 6122
 Attachment C to Supplemental Report
 August 29, 2012 - February 28, 2013

Question 12:

During this 6 month reporting period, have you on behalf of any foreign principal engaged in political activity as defined below? Yes X or No .
 If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

Date	Type	Name	Office	Subject
8/29/12	Phone Call	Jirair Ratevosian	Rep. Barbara Lee	Update on parliamentary elections in the Republic of Georgia.
8/31/12	Email	Bill Danvers	Senate Foreign Relations Committee	Meeting request
8/31/12	Email	Craig Dulniak	Rep. Steve Cohen	Meeting request
8/31/12	Email	Allison Fialkov	Rep. Karen Bass	Meeting request
8/31/12	Email	Mark Fleming	National Security Staff, Executive office of the President	Update on parliamentary elections in the Republic of Georgia.
8/31/12	Email	Mark Fleming	National Security Staff, Executive office of the President	Meeting request
8/31/12	Email	Rachael Leman	Rep. David Dreier	Meeting request
8/31/12	Email	Teresa Saunders	Rep. David Price	Meeting request
8/31/12	Email	Yodit Tewelde	Rep. Norm Dicks	Meeting request
8/31/12	Email	Eric Williams	Subcommittee on Africa, Global Health, and Human Rights, House Foreign Affairs Committee	Update on parliamentary elections in the Republic of Georgia.
9/5/12	Email	Jessica Lee	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia.
9/6/12	Phone Call	Cheryl Mills	Office of the Secretary, US Department of State	Update on parliamentary elections in the Republic of Georgia.
9/7/12	Meeting	Bill Danvers	Senate Foreign Relations Committee	Update on parliamentary elections in the Republic of Georgia.
9/7/12	Email and Phone Call	Tara Robertson	Rep. David Dreier	Meeting request
9/7/12	Email	Teresa Saunders	Rep. David Price	Meeting request

9/7/12	Meeting	Elizabeth Sherwood-Randall, Mark Fleming	National Security Staff, Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
9/7/12	Email	Yodit Tewelde	Rep. Norm Dicks	Meeting request
9/10/12	Meeting	Rep. David Dreier Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
9/10/12	Email	Chad Kreikemeier Jennifer MacLellan	Sen. Jeanne Shaheen	Meeting request
9/10/12	Meeting	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
9/11/12	Meeting	Rep. Steve Cohen Marilyn Dilihay William Connor	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/11/12	Meeting	Rep. David Price Jackson Tufts	Rep. David Price	Update on parliamentary elections in the Republic of Georgia.
9/12/12	Email	Jessica Lee	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia.
9/12/12	Email & Phone	Diane Shust	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia.
9/13/12	Meeting	Rep. Kay Granger	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
9/13/12	Meeting	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
9/16/12	Phone Call	Rep. Steve Cohen	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/17/12	Email	William Connor	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/17/12	Email	Marilyn Dilihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/17/12	Email	Jessica Lee	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/17/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/17/12	Email	Teddy Miller	Rep. Barbara Lee	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/17/12	Email	Jirair Ratevosian	Rep. Barbara Lee	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>

9/17/12	Email	Diane Shust	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/17/12	Email	Jackson Tufts	Rep. David Price	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/17/12	Email	Eric Williams	Subcommittee on Africa, Global Health, and Human Rights, House Foreign Affairs Committee	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (1) and C (2)</i>
9/18/12	Email	Marilyn Dilihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/18/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (3)</i>
9/18/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (4)</i>
9/18/12	Email	Jirair Ratevosian	Rep. Barbara Lee	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	William Connor	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	William Connor	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Bill Danvers	Senate Foreign Relations Committee	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Marilyn Dilihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
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9/19/12	Email	Marilyn Dilihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Mark Fleming	National Security Staff, Executive office of the President	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email and Phone Call	Sam Gejdenson	Sam Gejdenson International	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Rick Kessler	House Foreign Affairs Committee	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Jessica Lee	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Jessica Lee	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia.

9/19/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (5) and C (6)</i>
9/19/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Teddy Miller	Rep. Barbara Lee	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Teddy Miller	Rep. Barbara Lee	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Samantha Power	Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Jirair Ratevosian	Rep. Barbara Lee	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Elizabeth Sherwood-Randall	National Security Staff, Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Diane Shust	Rep. Jim McDermott	Update on parliamentary elections in the Republic of Georgia.
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9/19/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Eric Williams	Subcommittee on Africa, Global Health, and Human Rights, House Foreign Affairs Committee	Update on parliamentary elections in the Republic of Georgia.
9/19/12	Email	Eric Williams	Subcommittee on Africa, Global Health, and Human Rights, House Foreign Affairs Committee	Update on parliamentary elections in the Republic of Georgia.
9/20/12	Email	Michael Calvo	Rep. Phil Gingrey	Update on parliamentary elections in the Republic of Georgia.
9/20/12	Email	Sam Gejdenson	Sam Gejdenson International	Update on parliamentary elections in the Republic of Georgia.
9/20/12	Email	Samantha Power	Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
9/21/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
9/21/12	Phone Call	Ken Wollack	National Democratic Institute	Update on parliamentary elections in the Republic of Georgia.
9/24/12	Email	Tony Blinken	Office of the Vice President, Executive	Update on parliamentary elections in the Republic of

			Office of the President	Georgia.
9/24/12	Phone Call	Marilyn Dilihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/24/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
9/24/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
9/24/12	Email	Samantha Power	Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
9/25/12	Meeting	Marilyn Dilihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/25/12	Meeting	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
9/26/12	Meeting	Marilyn Dilihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/26/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
9/27/12	Meeting	Lorne Craner	International Republican Institute	Update on parliamentary elections in the Republic of Georgia.
9/27/12	Meeting	Rep. David Dreier Rep. Kay Granger	Rep. David Dreier Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
9/27/12	Meeting	Stephen Nix	International Republican Institute	Update on parliamentary elections in the Republic of Georgia.
9/27/12	Meeting	Brad Smith	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
9/28/12	Meeting	Sam Gejdenson	National Democratic Institute	Update on parliamentary elections in the Republic of Georgia.
9/28/12	Meeting	Ned Lamont	Lamont Digital Systems	Update on parliamentary elections in the Republic of Georgia.
9/28/12	Email	Samantha Power	Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
9/28/12	Meeting	Kenneth Wollack	National Democratic Institute	Update on parliamentary elections in the Republic of Georgia.
9/29/12	Meeting	Rep. Steve Cohen	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/29/12	Meeting	Sam Gejdenson	National Democratic Institute	Update on parliamentary elections in the Republic of Georgia.

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9/29/12	Meeting	Spencer Oliver	Organization for Security and Cooperation in Europe	Update on parliamentary elections in the Republic of Georgia.
9/29/12	Email	Samantha Power	Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
9/30/12	Meeting	Rep. Steve Cohen	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
9/30/12	Meeting	Spencer Oliver	Organization for Security and Cooperation in Europe	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Bill Danvers	Senate Foreign Relations Committee	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Marilyn Dillihay	Rep. Steve Cohen	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Meeting	Rep. David Dreier	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Meeting	Richard Gephardt	Gephardt Government Affairs	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Asher Hilderbrand	Rep. David Price	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Rick Kessler	House Foreign Affairs Committee	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (7)</i>
10/1/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia. <i>See Attachment C (7)</i>
10/1/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Meeting	Rep. Greg Meeks	Rep. Greg Meeks	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Samantha Power	Executive Office of the President	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Jackson Tufts	Rep. David Price	Update on parliamentary elections in the Republic of Georgia.
10/1/12	Email	Daniel Weiss	Rep. George Miller	Update on parliamentary elections in the Republic of

				Georgia.
10/1/12	Meeting	Kenneth Wollack	National Democratic Institute	Update on parliamentary elections in the Republic of Georgia.
10/2/12	Meeting	Richard Gephardt	Gephardt Government Affairs	Update on parliamentary elections in the Republic of Georgia.
10/2/12	Email	Kathy Gest	National Democratic Institute	Update on parliamentary elections in the Republic of Georgia.
10/2/12	Email	Matthew Leffingwell	Rep. Kay Granger	Update on parliamentary elections in the Republic of Georgia.
10/2/12	Email	Rachael Leman	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
10/2/12	Email	Brad Smith	Rep. David Dreier	Update on parliamentary elections in the Republic of Georgia.
10/9/12	Voicemail	Kim Fuller	Rep. Greg Meeks	Meeting Request
10/10/12	Meeting	Rep. Greg Meeks	Rep. Greg Meeks	Recent parliamentary elections in the Republic of Georgia.

Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment C (1) to Supplemental Report
August 29, 2012 - February 28, 2013

Georgian Dream Reaffirms Commitment to Elections Code of Conduct

September 17, 2012

Eric Williams, Professional Staff, House Subcommittee on Africa, Global Health, and Human Rights

Teddy Miller, Legislative Assistant, Representative Barbara Lee

Jirair Ratevosian, Legislative Director, Representative Barbara Lee

William Connor, Legislative Assistant, Congressman Steve Cohen

Marilyn Dillihay, Chief of Staff, Congressman Steve Cohen

Rachael Leman, Legislative Assistant, Congressman David Dreier

Jessica Lee, Counsel, Congressman Jim McDermott

Diane Shust, Chief of Staff, Congressman Jim McDermott

L. Jackson Tufts, Legislative Assistant, Congressman David Price

Each message included the following disclaimer:

This material is distributed by Downey McGrath Group, Inc. on behalf of its foreign principal Bidzina Ivanishvili. Additional information is on file with the FARA Registration Unit of the Department of Justice, Washington, District of Columbia.



PRESS RELEASE

Georgian Dream Reaffirms Commitment to Elections Code of Conduct

Tbilisi, Georgia, 17 September 2012 – Today the main Georgian opposition political coalition, Bidzina Ivanishvili – Georgian Dream, reaffirmed its support for and compliance with the electoral Code of Conduct prepared by the Georgian NGO community. Coalition leader Bidzina Ivanishvili stated: “we ...have - and will - conduct ourselves in accordance with the Code of Conduct.”

On this issue, the Georgian Dream illustrated the following points:

1. On July 23, the Georgian Dream political coalition announced its willingness to accept the 17-point document, which was created by Georgian NGOs. The coalition also reiterated its willingness to comply with other requirements as needed.
2. On August 6, the Georgian Dream political coalition announced that it accepted the new conditions added by the Georgian government and presented in a document revised by the NGOs and that it took the responsibility to act according to these conditions.
3. On August 30, the Georgian Dream political coalition published a statement proposing the creation of a monitoring control mechanism, together with NGOs, election observers, and foreign governments and international organization, to ensure that any parties to the election do not violate the Code of Conduct.
4. Today, on September 17, the coalition, in order to remove any confusion, once again announces that it has accepted and taken the responsibility to abide the Code of Conduct (which can be found in English and Georgian language on the website of Transparency International) without any remarks, additional requests, or conditions.

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Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment C (2) to Supplemental Report
August 29, 2012 - February 28, 2013

An Analysis of the Pre-Election Process (1 October 2011- 1 August 2012)

September 17, 2012

Eric Williams, Professional Staff, House Subcommittee on Africa, Global Health, and Human Rights

Teddy Miller, Legislative Assistant, Representative Barbara Lee

Jirair Ratevosian, Legislative Director, Representative Barbara Lee

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An Analysis of the Pre-Election Process (1 October 2011- 1 August 2012)

Introduction

The October 1 2012 elections are going to be a very important for Georgia. The country will change over to a mixed system of government with the aim of significantly enhancing the role of the legislative body. The existing distribution of political power gives us reason to assume that these elections are going to be one of the most competitive elections in the history of Georgia. Because of this, the pre-election marathon started earlier than usual. In particular, the appearance of Bidzina Ivanishvili in politics in October 2011 has intensified this competitive process. In order to gain an accurate perception of the pre-election political environment Transparency International has reviewed October 1, 2011 to August 1, 2012, our findings are presented below. We will keep the political environment under review and post August 1, we will release two further investigative reports.

The present report comprises four chapters. The **first** chapter deals with the use of the state legal resources for political and electoral purposes. The **second** chapter reviews facts of pressure on political grounds. The **third** chapter deals with the use of state institutional resources for political and electoral purposes, and the **last** part of the report analyses cases of vote buying.

1. The use of legal resources for political and electoral purposes

Legal resources are among the most powerful weapons for creating unequal conditions for political opponents and securing dominant position for the ruling party. Such resources imply using the state legislative, executive and judicial powers for political and electoral purposes. These may include amendments to the law that are detrimental only to certain political groups, as well as divergent enforcement of the law, unjust judicial decision-making etc.

During the reporting period there were a significant number of instances where legal resources were used for political and electoral purposes. We have grouped such actions into three categories: 1. Amendments to the election legislation; 2. Amendments to the banking and financial regulations; 3. Divergent law enforcement – selective judicial procedure.

1. Amendments to the election code

In November 2010, the election legislation amendment process begun¹. At the end of 2011 a new Election Code was elaborated and the law on “the Political Unions of Citizens” (The law regulating parties and party financing) was considerably reformed bringing radical changes to the rules of financial accountability and transparency of political parties. When analyzing legislative changes it is necessary to highlight the course of the very legislative process.

1.1. Election Code

¹ <http://www.civil.ge/geo/article.php?id=23324>

In June 2011, the ruling party and several oppositional political parties reached an agreement on the amendments to the Election Code². For the main part these amendments were not sufficient to remove anti-competitive obstacles in the election environment³.

The Venice Commission report also highlights a number of problems that the proposed draft law was unable to solve⁴, particularly with regard to misuse of administrative resources. The following regulations should be singled out:

- The use of communication tools, information services and different types of equipment under the control of the state or local self-government bodies and the organizations financed by the state budget has been banned⁵;
- The range of people who can use service vehicles and be reimbursed for petrol during campaigning has been restricted⁶;
- The Election code provided for the creation of, and defined the functions of, a governmental "Inter-Agency Taskforce for Free and Fair Elections" (IATF) Commission under the National Security Council of Georgia⁷;
- The definition of political officials was expanded, to include unelected and politically appointed official, such as a State Representative – Governor⁸;
- It became possible to suspend through court order the expenditures separated under unlawful amendments entered into the state/local budget in the pre-election period.

While many international and local organizations have highlighted the insufficient regulation of abuse of administrative resources⁹, relevant fundamental changes have not been effected. The range of political officials is very wide and includes a number of unelected/politically appointed positions such as a unelected mayor, head of local administration, state representative – governor, deputy minister. Granting them the right to participate in the election campaign is an example of misusing administrative resources.

1.2. Organic law on the Political Unions of Citizens (The law regulating parties and party financing)

The agreement reached between the ruling party and several opposition parties in June, 2011,¹⁰ also included the amendments to the organic law of Georgia on the "Political Unions of Citizens" (The law regulating parties and party financing). In particular, the law doubled the permitted level of political contributions determining to GEL 60 000 for individuals and GEL 200 000 for legal entities, despite protects by local NGOs¹¹. Even the existing limit was quite high and that amendment would not ensure neither more competitive election environment nor the growth and diversification of contributions to opposition parties. The ruling party stated that the issue was not subject to changes as the agreement

² <http://www.civil.ge/geo/article.php?id=24247vernor>

³ Cf. "Opinions on the Government proposals for improving the Election Environment" on the Transparency International – Georgia website <http://goo.gl/dNf2W>

⁴ [http://www.venice.coe.int/docs/2011/CDL\(2011\)094-e.pdf](http://www.venice.coe.int/docs/2011/CDL(2011)094-e.pdf)

⁵ The Organic Law of Georgia on "The Election Code of Georgia" (hereinafter referred to as "The Election Code of Georgia). 27.12.2011. N5636-6b. Legislative Alerts. webpage 10.01.2012. article 48.1.b.

⁶ The Election Code of Georgia. article 48.2.

⁷ The Election Code of Georgia. article 48.3-9.

⁸ The Election Code of Georgia. article 2.b.

⁹ <http://goo.gl/mGxuK>; <http://goo.gl/1NYUV>; <http://goo.gl/qaH8p>

¹⁰ <http://www.civil.ge/geo/article.php?id=24247>

¹¹ Cf. "Opinions on the Government proposals for improving the Election Environment" on the Transparency International – Georgia website ". <http://goo.gl/dNf2W>

between parties had already been reached and new amendments could only be achieved through another agreement. In October, 2011, however, after Bidzina Ivanishvili entered the election competition, the Georgian Ministry of Justice introduced a package of amendments to the organic law of Georgia on the Political Unions of Citizens¹² which directly contradicted these agreed amendments. These new amendments included imposing a ban on contributions to legal entities, imposing different restrictions on contributions made by individuals. In addition a definition of entities that would be subject to the restrictions imposed on political parties was introduced, and a new body - the Chamber of Control (now the State Audit Office) was created in order to regulate this and the financial accountability of political unions.

The media and the political spectrum linked the altered draft of the Justice Ministry with the appearance of Bidzina Ivanishvili on the political spectrum¹³, with the aim being to prevent Bidzina Ivanishvili from being able to use his companies to take advantage of the increased contribution limits and finance an opposition party.

In addition to imposing the ban on donations to legal entities, the proposed draft law provided for a number of issues restricting the freedom of political activity, freedom of expression, and property rights. Again the proposed changes were adopted in spite of protests by local NGOs and the formation of the civil movement "This Affects You Too"¹⁴ which aims at lobbying for these legislative changes¹⁵.

Under the latest legislative amendments, limits imposed on parties affects both ordinary citizens as well organizations that support a political party. For example, a competing politically party has had their income restricted as a result of the new legislative amendments capping permitted donations, political parties and their donors have become subject to the audit and investigative powers of the State Audit Office, which as we will detail has deployed its powers disproportionately against opposition parties and their donors, further a donor or opposition party can have their entire assets frozen pending determination of a fine by the Audit Office (previously a fine was ten times the value of the donation, now it stands at five times the value of the donation) in addition to unjustifiably high and disproportional sanctions have been imposed for minor or created legal infringements. Such indefinite and unforeseeable regulations have been used against political opponents posing a serious threat to free competition in the pre-election environment.

While the activities of the This Affects You Too campaign and the efforts of the civil sector, international organizations, diplomatic corps and public at large has resulted in positive and significant changes to the law "The Political Unions of Citizens", a number of serious issues still need to be addressed. In particular:

1.2.1. Sanctions imposed on parties for violations of financial regulations

The existence of sanctions and their effective application, used properly, can compel political parties and officials to reject illicit financing, which, in its turn, brings greater accountability and transparency to the political process. Such state regulations must be prompt and proportionate in instances of non-compliance, in order to effective and trusted¹⁶.

¹² <http://www.tabula.ge/article-17210.html>

¹³ http://www.resonancedaily.com/index.php?id_rub=2&id_artc=8147

¹⁴ <http://esshengexeba.ge/>

¹⁵ <http://esshengexeba.ge/?menuid=25&lang=1>

¹⁶ *Financing of Political Parties and Election Campaign* – guidelines – Ingrid Van Bizen, Birmingham University (the UK), Council of Europe publication (2003)

In line with international practice and GRECO assessments, this legislation should not include disproportionate sanctions, which could in turn severely restrict political activities and competition. Disproportionate enforcement and the imposition of excessive fines by the State Audit Office would lead to abuse of regulatory resources, causing serious problems for political parties and leading, in some cases to complete paralysis of their political activities. In June 2012, a GEL 2,86 million fine was imposed on the *Georgian Dream* coalition member parties¹⁷. We will present an in-depth analysis of the sanctions imposed within the political party financing regulation in our forthcoming reports.

1.2.2. Improper dissemination of the information about parties

Biased application of the law by the investigative and law enforcement agencies in political processes can be an example of improper use of regulatory resources.

According to an article published by 24saati.ge in late December 2011¹⁸, 9 out of 11 legal entities that had made contributions to the Conservative Party, the Republican party and the People's party during that year are owned by Bidzina Ivanishvili, and the remaining 2 are owned by Kakhi Kaladze¹⁹. More interestingly, this information was received directly from the Prosecutor General's Office. While Georgian law clearly states the reasons why certain information can be requested from a person by the prosecutor: "to implement supervision or procedural guidance"²⁰ allegedly illegal donations are an infringement of administrative law, not an infringement of criminal law. It is therefore unclear how and why the Prosecutor's office would have sure information in their possession and what statutory responsibilities they possess for releasing this information in this way.

1.2.3. Retroactive force of the law and unspent donations

As an example of the misuse of regulatory resources for electoral and political purposes, at the end of 2011, the draft law "Political Unions of Citizens" included a complete ban on donations from legal entities, and included a specific provision that any donated sums of money that had not been spent before this legal amendment took effect should be returned to the donors or transferred into the state budget²¹.

Further, this clause specified that these donations should be returned to the donor within three calendar days failing which the donations would be transferred directly to the state. Thus the law acquired retroactive force.

As a result of campaigning by local NGOs and diplomatic corps, the law was not granted retroactive force and the offending clause was removed from the enacted legislation.

Nevertheless, this action by the Georgian Government was not without consequences. An examination of the 2011 financial accounts of a number of political parties²² showed a tendency to pre-purchase and

¹⁷ <http://www.civil.ge/geo/article.php?id=25629>

¹⁸ <http://24saati.ge/index.php/category/news/2011-12-24/23624>

¹⁹ For more information cf. *The Finances of Political Parties in 2011* on the Transparency International – Georgia website. 2012. <http://transparency.ge/post/report/politikuri-partiebis-pinansebi-2011>

²⁰ The law of Georgia on Prosecution. 21.10.2008. N382. 660, 27, 27.10.2008. article 22.1.3.

²¹ Cf. *The third version of the hearing of the amendments to the organic law of Georgia on Political Unions of Citizens* on the Transparency International – Georgia website (<http://transparency.ge/en/node/1490>).

²² For more information cf. *The Political Parties' finances in 2011* (<http://goo.gl/rWYhD>).

make advance payments, particularly in cash²³, in advance for a number of expenses such as fuel, office rent and other services and goods in order to spend donations before the legislation entered into force.

It is evident that using the legislative process in such a way, not only distorts the aims of transparent financial accounting but has a disproportionate impact on the financial status of government opposition parties. Because the ruling party can prepare for the impact of any legislation – as the enactors of such legislation but also because state entities responsible for enforcing the law, as we will demonstrate, are unfairly biased in prosecuting opposition parties, rather than the ruling party, for any violations of these laws.

2. Amendments to the tax and enforcement legislation

We are aware of the following serious instance of the ruling party deploying its legislative resources against a political opponent.

In common with international banking law and practice, Chapter VI of Volume II of the Georgian Civil Code allows for a debtor to use collateral for loans – whether it be a tangible or intangible asset. It further allows for a creditor to register a lien on a property at the Public Registry Office and take priority over other creditors that may come after. Therefore in the case of non-payment of a debt or breach of contract the priority creditor can take ownership of or sell that asset in lieu of payment of the debt.

The ordinary procedure for any bank, prior to issuing a loan or mortgage would be to verify with the Public Registry that that asset has not already been the subject to a lien, and registers the bank's lien on that asset. In this way it acquires priority over any subsequent creditors, whether they be commercial creditors, the tax office or a governmental body.

However on October 28, 2011 the government used its majority in Parliament to amend article 82³ of the Enforcement Administration law and article 239 of the Tax Code for certain financial institutions which changed this procedure. According to these amendments if the grounds for lien by the Georgian Tax Authorities arose before a financial institution registered its lien, then the Tax Authorities lien would take precedence as a priority creditor over the financial entity, irrespective of whether the Tax Authority had registered its lien before the financial institution.

Further, these amendment was given retrospective force and their application extended to all liens registered at the Public Registry prior to Parliamentary approval. These legislative amendments seriously threatened the legal stability of the Georgian secured loan market and exposed financial institutions to unanticipated financial risks. Transparency International Georgia and other organizations responded to these changes by producing an analysis of the damage that these amendments would cause to Georgia's efforts to attract investors.

We are aware of only one reported occasion when these amendments have been enforced - against Cartu Bank, owned by Bidzina Ivanishvili. In addition Transparency International wrote to the six leading commercial banks, we received a reply from Cartu Bank and ProCredit Bank. ProCredit Bank has not been subject to these amendments. We have also conducted a media review and it our belief

²³ Under article 5 of the *Instructions for completing the Financial Reporting Forms of the Political Unions of Citizens* adopted by the Georgian Chamber of Control Chairman's order #10/37 on *Approving the Financial Reporting Forms of Political Unions of Citizens and the Instruction for Their Completion* issued on 23 January, 2012, cash cost is actually paid money. Subsequently, when a party pays funds in advance, the fund constitutes cash cost notwithstanding whether the fund/instrument is recognized i.e. accrued (actual) cost and whether service/goods has been received or not.

that apart from Cartu Bank, none of the other 18 commercial banks and numerous other financial institutions operating in Georgia have been made subject to these amendments.

From the date the amendment entered into force, October 28, 2011 until January 27, 2012 the Tax Office sought priority creditor status and enforcement action against Cartu Bank for 16 of the bank's clients. A total of 49 debtors assets were sold by auction. According to the Property Assessment Act, the starting price of auctioned assets is 50% of the assets' market value. In the majority of cases no bidder was obtained at auction and as a result most of the assets passed to the state. Where the assets were sold at auction the buyer did subsequently pay for the asset and these assets were also transferred to the state. According to Cartu Bank the total value of the assets confiscated by the state amounted to 112 8883 000 Gel, a significant financial fine.

On 30 March, 2012 these amendments were removed and the law returned to how it had been prior to 28 October 2011.

3. Law enforcement- selective prosecution

In addition to the introduction of legislative changes with the purpose of harassing political opponents, serious problems persist around the law enforcement and the governmental bodies exceeding their statutory functions. The State Audit Office is the worst offender in this regard and has enforced a number of controversial and illegal decisions, often with the assistance of other governmental agencies and even technically independent legal entities such as the Bank of Georgia. In the majority of these cases, the courts have upheld the actions of the Audit Office.

3.1. Selective Prosecution by the State Audit Office

One of the changes enacted by the law "Political Union of Citizens" in December 2011, was the creation of a new regulatory body – the State Audit Office. Is noteworthy that the legislation assigned a wide body of vaguely defined functions to the Audit Office, further there have been numerous cases of the Audit Office making ambiguous and excessive use of the powers it has been granted.

3.1.1. Inappropriate use publicity powers and ambiguous interpretation of the law

Another example of improper use of regulatory resources occurred on February 20, 2012. The State Audit Office circulated a document²⁴ detailing certain illegal donations received by the Georgian Dream and scrutinizing revenues received by the United National Movement.

According to the document, Nugzar Khutsishvili donated a financial bonus he had received from Cartu Mshenebeli Company to the Georgian Dream. The Audit Office deemed this action to be in violation of the law and published a detailed breakdown demonstrating when Nugzar Khutsishvili receiving the bonus from his employer, as well as the amount of his salary, whether he had received such bonus before and how he transferred the money to Georgian Dream's account.

An equally detailed account of the donation made to the ruling party was not provided by the Audit office. The document did not detail who or whom had made the donation, even though the donation was disseminated to many individuals and entities, and this information was never made public. Further the statement noted that this donation would not be the subject of a fine and that it had not been a violation of the previous law at the time the donation had been made. Transparency international believes that at the time this donation was made it was a violation of the previous law

²⁴ <http://control.ge/news/id/407>

and further inconsistent and selective application of sanctioning tools in addition to selective publication of such information is unacceptable and an abuse of state powers by the ruling party.

3.1.2. Inconsistent publication of financial reports

The primary function of the State Audit Office is to monitor political financing and ensure transparency. For example, parties are responsible for submitting their financial declarations to the State Audit Office, who will upload the information to their website within 5 days of receiving the declaration. Further within 5 days of receiving a donation a party must share the information with the Audit Office, the Audit Office is not explicitly required to release this information (although this had been stipulated in an earlier draft of the law (which was passed on the first hearing²⁵)). This clause was removed from the final draft of the law, it is therefore not mandatory for the Audit Office to disclose this information in the full form in which it is received from all parties. This gives the Audit Office the complete discretion to choose when and how and what information it will release²⁶.

Another instance of the State Audit Service acting inconsistently is related to parties' incomes and expenses. The Audit Office immediately released the information on the sponsors of the oppositional political unions as well as their costs, however, it took the Audit Office much longer to make the information on ruling party financing public. The United National Movement declared on May 15, 2012²⁷ that they had submitted the information to the State Audit Service; however, it was only in June that the information became public²⁸.

In addition to this, another tendency emerged while surveying the 2011 financial declarations. Significant deficiencies were identified in the 2011 financial reports of political unions released by the State Audit Office on February 9, 2012:

- a) It was, in fact, impossible to obtain full information on a significant part of financial declarations due to the poor quality of the materials uploaded on the State Audit Service's website;
- b) The full names of the sponsors as well as their personal identification numbers and other data were illegible in the declarations. According to the State Audit Service said, this gap was due to the parties delivering the information in a small-size font;
- c) The addresses of the individuals making donations remain redacted even today. According to the State Audit Office, the data have been covered at the request of the parties since it was not mandatory to indicate them.

At that time, the law on Political Unions of Citizens provided for the publicity of the addresses of individual investors and all other information related to donations²⁹, while the Central Election Commission was charged with the responsibility to make the information available (now the responsibility rests with the State Audit Office). It is important to note that the State Audit Office

²⁵ Cf. *The first reading version of the draft law on the amendments and supplements to the organic law of Georgia on Political Unions of Citizens* on the Transparency International – Georgia website. <http://goo.gl/NPMKV>

²⁶ Cf. *Georgian Chamber of Control covering public information* on the Transparency International – Georgia website <http://goo.gl/K3V5w>

²⁷ <http://goo.gl/CQjGW>

²⁸ <http://goo.gl/KbwkU>

²⁹ Organic Law of Georgia on political Unions of Citizens. 31.10.1997. N1028. Parliament bulletin, 45, 21.11.1997. paragraphs 2 and 6 of article 27.

reacted in response to a declaration by Transparency International – Georgia³⁰ and re-uploaded the reports of the political unions on its website anew so that they could be read. Several declarations, nevertheless, still remain partially illegible³¹.

Transparency International – Georgia also requested the parties' financial declarations from the State Audit Office. The supplied information does not have the data on investors covered but they are remain detailed on the State Audit Office's website. At the same time, based on the supplied information, the addresses of the United National Movement's investors are not indicated in the declarations³². Therefore, both the ruling party and the Audit Office are in violation of the law requiring the disclosure of this information³³.

To ensure transparency and adherence to the law it is essential that the financial activities of all political entities be made public. In this respect, the selective approach to publishing financial reports of the political parties only is a further example of the government's improper use of regulatory resources.

3.1.3. Broad interpretation when imposing a sanction

It is the State Audit Office which declares whether an entity is to be classified as a political party, prior to this classification, any donations received by that party cannot be classified as illegal. When imposing sanctions and while interpreting the law, the State Audit Office should not exceed its statutory powers and it should act solely pursuant to its statutory objectives.

In early May 2012, the media reported on the establishment of the "Komagi" charity foundation. In connection with the creation of the fund, certain statements were made by politicians suggesting that the foundation actually had a political, not charitable, objective³⁴.

According to the State Audit statement, on 10 May 2012 Bidzina Giorgobiani transferred 90,000 Euros to the above foundation³⁵. On 18 May 2012 the State Audit Office classified the foundation as a political entity and announced that it would launch an investigation.³⁶

On 22 May, 2012 the State Agency announced that it found Bidzina Giorgobiani to be in violation of the law on the grounds that his donation had been an illegal donation to a political party (60,000 GEL limit) and had been made from a bank that was not licensed in Georgia, also in violation of the law.³⁷

However, Bidzina Giorgobiani had made his donation before the Audit Agency's proclaimed the organization to be a political entity and this was not therefore a breach of the law. Rather than fine him, a more appropriate reaction would have been for the agency to ensure that the foundation to return

³⁰ Cf. *Georgian Chamber of Control covering public information* on the Transparency International – Georgia website <http://goo.gl/K3V5w>

³¹ For example, the information on the Christian Democratic Movement investors and membership fees is actually illegible.

³² The declaration supplied to the Transparency International – Georgia by the State Audit Office was submitted after The United National Movement transferred the donation, as illegal, to the state budget.

³³ <http://sao.ge/res/files/pdf/17/document.pdf>

³⁴ Cf. The Joint Appeal of the non-governmental organizations concerning the creation of the "Komagi" Foundation on the Transparency International – Georgia website <http://goo.gl/H3YkI>

³⁵ <http://control.ge/news/id/491>

³⁶ <http://control.ge/news/id/479>

³⁷ <http://control.ge/news/id/491>

Mr. Giorgobiani's donation to him. The State Audit office clearly overstepped its statutorially defined powers and misused its regulatory resources.

3.1.4. The problem with instant response – a selective approach

A further, manifestly disproportionate reaction by the State Audit Office has been seen in its treatment of investigations of alleged vote buying.

noted above, the State Audit Office reacted instantly to prevent the "Komagi" foundation from committing the act of possible voter bribery. This government agency has responded with similarly striking efficiency to the creation of another charity foundation called "Georgian Football Supporter" and frozen its financial assets as well as alleging that different physical and legal entities had transferred funds to the accounts of that organization³⁸. However, as seen from the documents submitted by the Foundation³⁹, there has actually been no such movement of funds through the Foundation's accounts during this period.

In contrast, the State Audit Office has responded significantly slower to allegations of vote buying by the ruling party. On May 3 2012, Transparency International Georgia detailed the case of Tamaz Gvelukashvili, a Rustavi City Council member from the United National Movement, who was found distributing "Easter presents" to the local population⁴⁰. The State Audit Office took three weeks to release a statement that it would investigate the issue⁴¹. Ultimately the Audit Office announced that it could not identify any evidence of voter bribery and it classified the act as a lower violation – that of an illicit donation in favour of a political party.

Further, instead of Tamaz Gvelukashvili, a different member of the Rustavi City Council – Kakha Baratashvili was named as the offender. In this particular case, the State Audit Office overlooked an obvious instance of vote buying. The State Audit and the Prosecutor's Offices have refused to investigate many other instances of alleged vote buying by the ruling party. In particular, the regulatory authorities have had no reaction whatsoever on cases dealing with the distribution of gift presents by politicians revealed by Transparency International – Georgia on February 29⁴².

3.1.5. Fine for unpaid donation

Alongside these instances, on 12 March 2012 the State Audit Office fined Cartu Bank for a donation that had not ultimately occurred. The fine imposed was ten times alleged donation - GEL 822 040, stating that the financial transaction had the intention of bypassing the law.⁴³

According to the State Audit Office statement: Bank Cartu transferred to its employees a large amount of bonus funds – GEL 82 204 with the intention that those employees transferred the funds to the Georgian Dream. Cartu Bank employees however refused to take part in the scheme and these donations were not made.

In an interview with Rustavi 2 TV on March 5, 2012, the above employees declared that they returned the transferred bonuses to the bank without donating them to the Georgian Dream⁴⁴. The fine imposed against Cartu Bank was therefore illegally imposed by the State Audit Office.

³⁸ <http://control.ge/news/id/494>

³⁹ http://transparency.ge/sites/default/files/attachment/%5BUntitled%5D_04092012140934.pdf

⁴⁰ <http://transparency.ge/blog/> Sheep and 20 liters of wine to the Rustavi voters

⁴¹ <http://control.ge/news/id/481>

⁴² http://transparency.ge/blog/Political_presents

⁴³ <http://control.ge/news/id/426>

3.1.6. Selective approach to renting office space

Another serious problem is related to renting office space by political parties. On May 14, 2012, the State Audit Office classified Management Service Ltd as an offender for making illegal donations in favor of political parties⁴⁵.

Management Service rented offices from private owners, repaired them in partnership with Burji company, equipped them with furniture and other necessary objects, after which subleased them to Georgian Dream Coalition member different political parties.

According to the State Audit Office report, renting, repairing and furnishing the space cost the organization more than was the income it received from renting the space out to political parties. Subsequently, its activities were not profit oriented.

To calculate the costs incurred by the company the State Audit Office summarized its leased office space and multiplied the sum by GEL 150 - estimated cost for repair works per 1 sq/m based on the information provided by the Samkharauli National Bureau of forensics.

The sum received as a result of the above calculation was deemed as a donation rendered by the Management Service to political parties and the company was fined in tenfold amount - GEL 476 619,51.

Management Service did not agree with the decision and argued that it was engaged in commercial activities and its cooperation with political parties was aimed at profit. The business of the company was supposed to make a profit of 400 000 Gel over 11 months.

Management Service did not agree with the State Audit Office's calculation and argued that the real cost incurred by it was much less than that estimated by the State Audit Office, since the state Department considered the total area of the rented offices as renovated, while the area is only partially repaired.

In addition, it is unclear on what basis was the value of GEL 150 per 1 sq/m area of repair work calculated while neither the State Audit Office nor the expert have seen and conducted assessment of the works carried out in the offices.

On May 28, 2012, the State Auditor's Office's decision was challenged by the "Management Service" in court.⁴⁶ Judge Gvritishvili completed the hearing of the case in one day and made the decision. One could derive the impression that the judge was in a hurry and had set a goal to conclude the trial in one day. It should be taken into consideration that the plaintiff's repeated solicitation to postpone the trial was not granted. Due to such speedy trials, it is hard to say how grounded the fining of Management service was.

Unlike this case, the State Audit Office has not displayed interest in the issues related to the offices of the United National Movement that had been discussed in the media as well. According to the

⁴⁴ http://rustavi2.com/news/news_textg.php?id_news=44816&pg=1&im=main&ct=1&wth=0;

<http://www.youtube.com/watch?v=jBVBaMFPMZk;>

⁴⁵ <http://www.control.ge/news/id/522>

⁴⁶ For detailed information on this trial cf.: <http://transparency.ge/blog/ra-khdeboda-%E2%80%99Emenejment-servis%E2%80%99D-sasamartlos->

information disseminated by one media outlet, the UNM Office repair work in Gori was performed by the Gori local self-government⁴⁷.

In particular, according to the 2012 Gori municipal budget, a total of GEL 75 000 (seventy-five thousand) were spent on the reconstruction of state buildings located in Stalin Ave. #31 and Stalin Ave. #26 in Gori. The building was a Chess Palace, which today is closed down. According to the representatives of the ruling party, the United National Movement has rented the office from the local authority. Similar incidents have been reported from Kharagauli, but so far we were unable to obtain more information.

Unlike the case with the Management Service, the State Audit Office has not expressed interest in these cases, which makes us once again call its impartiality into question.

3.1.7. Unequal interest in the activities of political parties

The State Audit Office was again inconsistent in monitoring the activities of political parties. In March, 2012, the State Audit Office numbers and numbers of Georgian Dream coalition activists and persons having any contact with the coalition to obtain explanation. During this time, several hundreds of people had been interrogated across the country. As the non-governmental organizations involved in the monitoring of this process had noted, there were many kinds of procedural violations by the State Audit Office, which have seriously undermined human rights⁴⁸.

In contrast, the State Audit Office was not taking interest in the ruling party's actions. For months, Transparency International - Georgia and other non-governmental organizations had been requesting the State Audit Office to monitor the activities of the ruling party, which was actively involved in the election campaign. We were especially interested in the closed meetings of the United National Movement leaders with different groups in society, something that was not in compliance with the principles of openness and transparency of political parties⁴⁹. The State Audit Office has never expressed serious interest in these issues.

3.1.8. Illegally seized property

One of the interesting topics is related to sequestering satellite dishes. On June 21, 2012, at the request of the State Audit Office, Chamber of Criminal Cases of Tbilisi City Court seized the Global Contact Consulting LTD technical means of broadcasting.⁵⁰

The court ruled that "there are reasonable grounds to suppose that the technical means of broadcasting of Global Contact Consulting LTD constitute a property, which targets crime, such as bribing voters, due to which the above technical means should be seized".

On May 11, 2012, technical tools of the TV Company "Maestro" were seized. Again, the reasoning was the same as in case of "Global Contact Consulting".

⁴⁷ <http://qartli.ge/web/5976>

⁴⁸ <http://goo.gl/SR3WW>

⁴⁹ Venice Commission (European Commission for Democracy through Law - Venice Commission). The code of best practices in the field of political parties. Adopted by the Commission at the 77th plenary session (Venice, December 12-13, 2008). Paragraph 19. Also, the Venice Commission explanatory note (adopted at the 78th session, Venice, March 13-14, 2009) highlights that sharing ideas, views and experiences with the electorate must be important for political associations in order to better perceive and respond to voters' expectations, thus implementing a representative mandate.

⁵⁰ <http://news.ge/ge/news/story/19751-sasamartlom-global-tv-is-teqnikuri-sashualebebi-daayadagha>

In both cases, the court grounded its decision on Article 151 of the Code of Criminal Procedure of Georgia (CCP), however, it did not indicate specifically which part it was based on. The Court of Appeal in its turn concluded that, in that case, paragraph 3 of article 151 of the CCP was the legal grounds for the seizure.

Under paragraph 3 of article 151 of the CCP, the court may seize property if there is enough data that this is a corrupt property. Therefore, in order for the seized technical tools to be considered corrupt property they should be already used for the commission of a corrupt offence or should be obtained through corruption.

Even if we admit that to bribe voters is a corrupt crime, the given norm in this case does not provide grounds for seizure. The Tbilisi City Court verdict itself writes that the property of the TV Company "Maestro" and "Global Contact Consulting" has not been used for the commission of an offense yet, but that there is a reasonable suspicion that they are intended for the commission of a crime.

Only Part 2 of article 151 of the CCP allows for the possibility of seizing property at the crime preparation stage or for crime prevention. However, it can be applied only to the most severe offenses⁵¹ and the offenses mentioned in Articles 323, 330, and 331¹ of the Criminal Code (CC). Voter bribery (article 164¹ of the Criminal Code -) is a less serious crime.⁵² Accordingly, this provision would not be legal basis for the seizure either.

If the legislator wanted to allow for the opportunity of imposing a ban at the crime preparation stage or to prevent future crime such as vote buying, then paragraph 2 of article 151 of the CCP which sets basis for imposing a ban at the crime preparation stage and future crime prevention would not be limited to only the most serious crimes and the crimes under articles 323, 330, and 331¹ of the Criminal Code, but would contain a reference on vote buying. Therefore, the above facts of seizure were inconsistent with the law and these facts constitute the instances of using legal resources for political reasons.

3.2. Unlawful actions by other state institutions

In addition to the biased actions of the State Audit Office and the court, there were several instances when the state institutions and authorities were used for causing damage to political opponents.

3.2.1. Cartu Bank collection car seizure and audit by the National Bank

On October 18, 2011, the Law Enforcement authorities arrested a Cartu Bank collection van, which was carrying money. On the same day, it was reported on television that Cartu bank employees were arrested, under suspicion of laundering large amounts of money⁵³.

Ultimately the Cartu bank employees were released, and the money was returned to the bank two months later. No details of this investigation or the grounds for suspicion of money laundering was have been made public by the Prosecutor's Office.

On the day after these arrests, the National Bank of Georgia announced they would commence an audit of Cartu Bank, citing the money laundering charges as grounds for suspicion of wider illegal activity. While originally scheduled to last for two months, the auditing investigation ultimately lasted for nine months through a variety of different decrees issued by the National Bank.

⁵¹ Most severe offence constitutes a crime category which determines a minimum term of imprisonment of more than ten years.

⁵² For bribing voters, the maximum penalty is three years, which ranks the offense as less serious.

⁵³ <http://www.youtube.com/watch?v=fLPbIdeiCbK>

Ultimately neither the National Bank nor the Prosecutor's Office released any information noting a finding of any violation by Cartu Bank as a result of their audit and investigation. Cartu Bank released a separate statement that instead of conducting a money laundering investigation the auditors and investigators have been monitoring the banks' daily transactions.

The arrest, seizure and the commencement of the audit and investigation all occurred shortly Bidzina Ivanishvili announced he would compete in the Georgian elections. These events strongly suggest that the ruling party is misusing the regulatory resources at its disposal for its own political purposes.

3.2.2. Illegal actions against Cartu Bank by the Interim Government-installed Executive

On June 11, 2012, the court ruled that Bidzina Ivanishvili had made illegal donations in favor of the Georgian Dream - Democratic Georgia party, and he was fined a total of GEL 148 650 131. The Court of Appeal later reduced the fine to half its amount - GEL 74 325 065.⁵⁴

Ivanishvili initially refused to pay the fines. The National Bureau of Enforcement started enforcement proceedings in order to seize his 21.7% shareholding in Progress Bank as well as 100 % of his Cartu Bank shareholding.

The National Bank appointed an Interim Manager - Vladimir Ugulava - at Cartu Bank for a period of two weeks until 26 July 2012, when Ivanishvili paid the imposed penalty payment.

According to a statement released by Cartu Bank, when the bank's former manager regained its position at the bank he found that Vladimir Ugulava had made \$50 million worth of loan agreements with four development companies on July 24, two days before he left his position. According to the agreements, the bank was contractually-bound to issue the loans within the five days.

According to Cartu bank, these loans had been approved without the approval or review of the risk management and loan department, in violation of the bank's own loan issuance procedures. Nodar Javakhishvili, the president of Cartu Bank, said that the contracts were explicitly harmful for the bank because the bank lacked the available liquidity to issue the loans and yet if it failed to issue loans within the time stipulated in the agreements, it would also be penalized and again come under the management of an Interim Administration.

According to Georgian legislation the interim administrator must manage the bank's affairs honestly and diligently. This unequivocally rules out the use of an administrators authority against the legitimate interests of the business and is punishable by article 220 of the Criminal Code of Georgia -. This case also shows that the State has used its power in detriment of the ruling political party competitor.

II. Pressure on political grounds

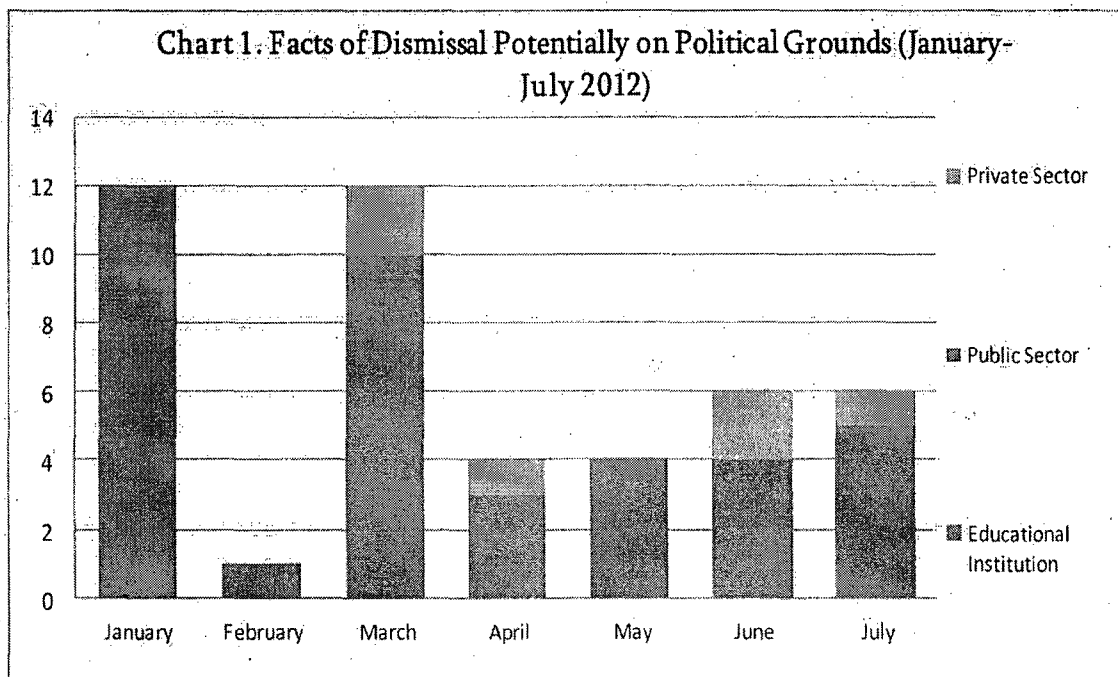
Exerting pressure on citizens and voters for political reasons is among the most serious of pre-election issues, and the majority of such offences are punishable by the Criminal Code. Here we have grouped the use of pressure for political purposes into the following categories: 1) dismissal; 2) intimidation; 3) physical reprisals; 4) arrest; 5) hindering of party activities, and 6) pressure on businesses.

⁵⁴ <http://transparency.ge/blog/ris-gamo-dajarimda-bidzina-ivanishvili>

I. Dismissal

A total of 45 alleged political dismissals were identified in the period from October 2012 to August 2011. The following factors suggest that in these cases the dismissals may have been politically motivated: a) often dismissals were preceded by political activity by the "victim" in support of opposition parties; b) many of the dismissed officials had not committed serious misconduct in the past, enjoyed a strong professional reputation, and had not received any kind of warning or reprimand; c) these people were frequently not provided with a reason for their dismissal.

Cases of dismissal on political grounds were especially prominent in schools and educational institutions, while several instances were also identified in other public agencies and the private sector (see chart 1).



1.1. Employees of educational institutions

The removal of teachers and other employees of educational institutions was the most commonly observed example of politically motivated dismissal during the reporting period.

The most notable case occurred on 11-13 February 2012, in **Sachkhere**, when over 10 teachers and school directors were dismissed in several villages in the district. This took place during a period when signatories to a petition to restore the citizenship to Bidzina Ivanishvili were increasingly being targeted, suggesting the dismissals were politically motivated. In particular:

Levan Jikuridze (a Skhvtori public school teacher). He had worked as a teacher in that school since 15 September 2011 and his contract was due to expire on 15 September, 2012. Jikuridze was dismissed on

13 January, 2012. His release from office was preceded by a verbal warning urging him to stop expressing his political views and to remove the "Georgian Dream" logo from the social network facebook, with which he did not comply. Jikuridze was also the author of the text of the request to restore citizenship to Bidzina Ivanishvili. The school principal's order⁵⁵ did not state the reason for the teacher's dismissal.

Mtvarisa Meladze - (a Sareki village public school teacher). She had been teaching at that school since 15 September, 2011 and the contract was due to expire on 1 September, 2012. On 11 January, 2012, she was informed by the school principal of her dismissal. The principal's order⁵⁶ does not mention the reason for her dismissal. Meladze said the principal explained that the decision was based on instructions from a higher authority. According to Meladze, she was fired from the job because of her political views and support for the opposition. On 12 January, Meladze's husband, **Murman Kapanadze**, who worked at the House of Culture, was also dismissed.

Nona Shukakidze - (a Tchorvila village public school teacher). She had been a teacher at that school since 15 September, 2011 and the contract was due to expire on 1 September, 2012. She was dismissed at the order of the school principal on 12 January, 2012. Again the principal's order did not specify the reason for the dismissal. In Shukakidze's words, she had been told that her dismissal was related to signing the request for the restoration of citizenship to Bidzina Ivanishvili, as well as her political activities. Reportedly, several other teachers from Tchorvila public school, namely, **Nona Tkemaladze**, **Levan Ivanashvili**, and **Temur Kapanadze**, have also been dismissed for their political views and activities.

Elguja Kavtaradze (Savane village school principal). In his words, he was fired because he accepted assistance provided by Bidzina Ivanishvili to the school staff. Political motivations may also have been the reason for the dismissal of **Giorgi Tchighladze**, another public school principal from Orghuli village.

These cases reveal a pattern of teachers being released from schools without the principals specifying the reason for the dismissal. As for the school principals, their dismissals resulted from the Inspector General's unscheduled audit report.

Another allegedly politically motivated dismissal of teachers took place at Samtredia school #3 on 7 March, 2012. Some of these teaching staff were Bidzina Ivanishvili's close relatives (**Nana Ivanishvili**, **Venera Ivanashvili**), while the others (**Lela Khurtsilava**, **Marina Nadiradze**) had a close relationship with the above. Shortly before their release, a new principal was appointed to the school, as the Inspector General's Office had identified several violations committed by the previous principal. However, the director himself said that he was released from service because he refused to fire the above-mentioned teachers. After their release, the teachers were told informally that the command "came from above".

Another high-profile case of a teacher dismissed on allegedly political grounds occurred at Gori public school # 9. On 20 January, **Ia Bzhalava**, whose husband **Tamaz Makashvili** is an active member of the movement "Independent Democrats", was dismissed from school. Bzhalava is a certified teacher and had worked in the education system since 1990. Her personal file does not record a single reprimand during that period. According to Bzhalava, attempts to remove her started after she joined the coalition "Alliance for Georgia" as an observer in the 2010 elections. Her husband was also a member of the same movement. According to her, she did not sign the falsified protocol, according to which the votes received by various political parties were recorded in favor of the ruling party. After that, the then principal of the school, **Marina Makharashvili**, was ordered to dismiss her. Bzhalava said that since

⁵⁵ <http://transparency.ge/levan-jikuradzis-brdzaneba.pdf>

⁵⁶ http://transparency.ge/sites/default/files/attachment/Mtavarisa_Meladze-Brdzaneba.pdf

Makharashvili did not do this the head of the school was replaced by a person who was willing to, in order to avoid any similar problems occurring during the parliamentary elections. The school principal **Elene Khachidze's** order⁵⁷ does not specify the reason for Bzhalava's dismissal. Ia Bzhalava appealed the order in the Court, but to no avail.

Dismissals of teachers on alleged political grounds also place in **Dedoplistkaro**, on 18 April, 2012. **Tamar Tamazashvili**, who is a close relative of a "Georgian Dream" leader Irakli Gharibashvili's, was fired from the art school. Tamazashvili said the school principal warned her not to go to a meeting held by Bidzina Ivanishvili's or she would have problems at work. But Tamazashvili did attend the meeting, after which she was required to write a letter of resignation, and two weeks later she was dismissed on the grounds of school reorganization. The school reorganization happened two months before the end of the school year, which further strengthens the suspicion that the case was politically motivated.

A district coach of the Dedoplistkaro Culture and Sports Centre, **Akaki Natroshvili**, who is also the "Georgian Dream" local office manager, was also asked to write a letter of resignation from work. Natroshvili said he was asked to resign from one of his positions. He wrote his resignation on his own initiative because he did not want to cause problems to his chief.

Cases of dismissals from educational institutions on alleged political grounds were particularly frequent during the winter and spring of 2012. From summer onwards such instances were significantly reduced for two possible reasons: a) educational institutions had already been "cleaned" of people who had openly stated their support for the opposition, which had in turn brought about a situation where other employees felt intimidated; b) the recommendation of the Security Council Interagency Commission for Free and Fair Elections adopted on 31 May⁵⁸ had a positive influence. This recommendation called on public institutions to refrain from releasing people from the service on the grounds of the staff reorganization.

An incomplete list of alleged political dismissals of the employees of educational institutions is given in **Table 1**

1.2. Other public institutions employees

Aside from educational institutions, many cases of alleged politically motivated dismissals have been identified in other public institutions. In particular:

On 17 January, 2012, Dusheti Municipality local administration's Labour, Health and Social Service chief specialist **Reziko Otarashvili** was fired. The governor's order on Otarashvili's dismissal gives no reason for the dismissal. As we found out, Otarashvili had received no prior notice. He said Dusheti governor Lasha Janashvili called him to his office on 11 January and told him that he was being released because Otarashvili's grandmother, Nanuli Natsvlshvili, rented office space to the "Georgian Dream". According to Natsvlshvili, "Georgian Dream" members did visit him and asked to rent the space, but in the end the deal did not take place because of a disagreement over the price.

From May to June 2012, the Georgian Judo Federation employee **Sopho Tsirekidze** and the Deputy Chief of Tianeti Police **Zurab Udzilauri** lost their jobs apparently for political reasons. Both dismissals are associated with the Olympic champion **Zurab Zviadauri** becoming member of the "Georgian Dream" political coalition on 14 May. Tsirekidze was told that the reason for his dismissal was his telephone conversations with Zviadauri. Regarding Udzilauri's case, he is Zviadauri's child's godfather. According to Udzilauri, that was why he was forced to write the letter of resignation.

⁵⁷ http://transparency.ge/sites/default/files/attachment/1a_Bjalava-Gaprtkhileba.pdf

⁵⁸ <http://www.nsc.gov.ge/geo/news.php?id=6176>

A list of alleged political dismissals of public servants is given in **Table 2**.

1.3. Private sector employees

Similar incidents of politically motivated dismissal were identified in the private sector. As private companies are less directly affected by the influence of the state and the ruling party it is often more difficult to trace any political motivations behind a dismissal. However, a large section of Georgian business is closely linked to the authorities, and companies often make donations in favor of the ruling party.⁵⁹ There are therefore several cases of dismissals where it is possible to identify political reasons as the primary factor. The following instances merit attention in this respect:

On 1 April 2012, **Zurab Tergiashvili**, who worked as a "Geohospitali" Ltd ambulance driver in Gurjaani, was dismissed from work. Tergiashvili said that he had worked as a driver for seven years and never had any reprimands. A few weeks before his release, Tergiashvili started to actively cooperate with the "Georgian Dream" coalition and distributed a variety of their campaign materials, and had even been summoned for questioning by the State Audit Office. He stated that out of eight drivers he was the only one fired. According to the Service manager, the decision was taken by the "Geohospitali" head office.

"Clean Line" Deputy Director **Lasha Gogia** suspected that he was dismissed from the company because he attended the "Georgian Dream" demonstration on 27 May, 2012, and because he was so "active" on social networks. Gogia said he was not told the reason for his dismissal, but it coincided with his presence at the demonstration and his "political" activity on facebook.

A list of alleged political dismissals of private sector employees is given in **Table 3**.

2. Intimidation

Over the reporting period, many cases of alleged intimidation of people with divergent political views were identified. Instances of harassment and giving so-called "friendly" advice to certain people in order to stop their political activities have been reported. As with dismissals, these acts were also usually preceded by the "victim" expressing a different opinion from, or performing an action that was detrimental to, the ruling party.

From November 2012 until August 1, 2011 a significant number of cases of harassment for political reasons have been identified. The following cases are worthy of note:

On April 5, 2012 an Akhmeta resident **Gulchina Tsikoridze** was verbally abused and threatened because she was reading and distributing the "Georgian Dream" coalition newspaper. Tsikoridze said that the Akhmeta District Educational Resource Center accountant Niko Rusishvili came to her and told her that he would tear up the paper and throw it at her. He also used intimidating language while referring to Bidzina Ivanishvili and the newspaper suppliers. After Tsikoridze gave an interview to "Kakheti Information Center" regarding the above fact⁶⁰, pressure was again used against her. According to her, she was walking in the street on April 8, when the Akhmeta District Service Centre manager of "Kakheti Energy Distribution", Vazha Marukashvili, attempted to hit her with his car, and on 17 April, unidentified persons raided Tsikoridze's home.

⁵⁹ For more information, see "The finances of political parties in 2011" on the Transparency International – Georgia website <http://transparency.ge/post/report/politikuri-partiebis-pinansebi-2011>

⁶⁰ <http://ick.ge/ka/rubrics/society/10451-----video.html>

In April 2012, several other cases of politically motivated intimidation have occurred in Akhmeta. After a survey on the restoration of citizenship to Bidzina Ivanishvili was conducted at the "Kakheti Information Center" on 5 April ⁶¹, law-enforcement officers threatened some respondents and told them to keep quiet. Several respondents, including **Givi Davitashvili**, confirmed the cases of harassment.

Over the reporting period many instances of "Georgian Dream" coalition activists being threatened were identified.

On the night of 19 June, 2012, three masked persons broke into "Georgian Dream" supporter **Besik Kuchukhidze's** house in Ordzhonikidze village of Marneuli district and demanded that he leave the coalition, threatening him with further harassment if he did not.

On 4 June 2012, unidentified people forced Georgian judo champion and "Georgian Dream" member **Ambako Avaliani** into a car. Avaliani said that he was taken to an office where he was threatened by the Minister of Sport and Youth Affairs **Vladimer Vardzelashvili** and the Shooting Sports Federation President **Gia Udesiani**. Avaliani was forced into leaving the coalition. Gia Udesiani is also accused of exerting pressure on another judo player and "Georgian Dream" supporter **Betkvil Shukvani**.

Other instances of intimidations on alleged political grounds are listed in **Table 4**.

3. Physical reprisals

People have not only been harassed for their political views and activities. They have often become victims of physical reprisals as well. 5 such cases have been identified over the reporting period.

One of the most notable cases occurred in Sachkhere on 4 January, 2012. Around 15 persons were beaten up, allegedly by Kutaisi law enforcement officers, for openly supporting Bidzina Ivanishvili and chanting his name at the New Year's concert. The majority of the victims were afraid to make comments openly. However, **Avto Macharashvili** and **Zviad Bredvadze** confirmed the fact that beatings did occur.⁶² According to Macharashvili and others, they were forcibly separated from the crowd and taken to a quiet area, where they were forced to curse Bidzina Ivanishvili while being severely beaten.

On June 27, 2012 a "Georgian Dream" coalition member **Joseph Elkanashvili** was driven out of his house, taken to the river and beaten up by five individuals dressed in police uniforms. They demanded that he leave the coalition, and threatened him with arrest if he disclosed the fact. This was the period when the "Georgian Dream" was conducting an alternative "Door to Door" campaign.

Other instances of physical reprisal are given in **Table 5**.

4. Detention/arrest

In addition to intimidations and physical reprisals, many cases were recorded of the detention and arrest of opposition political party members, supporters and relatives during the reporting period.

On 19 April 2012, the Criminal Police arrested **Lasha Gogoreliani**, the brother of actor Levan Gogoreliani, for unspecified reasons. Two weeks prior to his arrest Levan, with several friends, left the

⁶¹ http://www.youtube.com/watch?v=Weejnko4Fwc&feature=player_embedded#!

⁶² http://www.youtube.com/watch?feature=player_embedded&v=NNvBxKW3YI8#!

TV company "Rustavi 2" and moved to work at Bera Ivanishvili's studio. This leads us to suspect that his brother's arrest may have been politically motivated.

On 25 March 2012, **Sergo Chachibaia**, a member of the "Free Democrats" Zugdidi organization, was arrested. A young boy approached him in the car care centre, insulted him and made to attack him with his fists raised. At that moment a police car appeared and Chachibaia was taken to Zugdidi Police Department. He was charged with showing resistance after getting into the police car, and damaging the car with a sharp weapon (no one was injured). According to Chachibaia's family and friends, he has a record of previous convictions, which the family links to his political activity. It should be noted that Chachibaia had for many years been a senior official in the Ministry of Interior. This fact, his family and friends argue, makes his use of an edged weapon in a police car unlikely. Of further note is the fact that prior to his arrest Chachibaia released a statement saying that his arrest was planned.⁶³

On 27 March, 2012, one of the "Defend Georgia" party leaders **Kakha Mikaia** was arrested in Zugdidi on the charge of petty hooliganism; he was voicing protest against the arrest of Sergo Chachibaia. Footage shows that Mikaia, together with others, was making a speech in front of the Court when he was detained by police. The footage does not show any acts of hooliganism and, consequently, the reason for Mikaia's arrest remains unclear.

Other instances of alleged political detentions and arrests are given in **Table 6**.

5. Obstructing party activities

The use of verbal and physical pressure to prevent political parties holding meetings with voters or carrying out other campaign activities was a common violation. Transparency International - Georgia had reported this tendency at an earlier date.⁶⁴

Problems related to the meetings of "Georgian Dream" coalition members with voters in the regions were the most persistent. In the majority of cases, local government officials tried to break up the coalition meetings through the use of physical force and provocations, which often resulted in physical confrontation. June and July 2012 were the worst months in this regard. The climax was reached on July 12, during a confrontation in Karaleti village in the Gori district, which resulted in more than a dozen people, including representatives of the media, being hospitalized.

Although the Election Code requires local officials to ensure the safety of the political parties during the election campaign, in many cases government officials themselves were found to be starting and escalating conflicts. Information pertaining to the June and July cases and information about local government representatives participating in them is given in **Table 7**.

6. Pressure on businesses

Subjecting party members and supporters to political pressure was often accompanied by disruption of their businesses. The most worrisome cases of the use of political pressure against businesses ("Cartu Bank", "Service Management" and "Maesto") have been discussed in the first chapter of this report. Other cases to note are the following:

⁶³<http://www.iveroni.com.ge/politika/5447-sergo-chachibaia-dakavebamde-ramdenime-rhvith-adre-specialuri-videomimartha-chatsera.html?lang=ka-GE>

⁶⁴ <http://transparency.ge/blog/rogor-ereva-adgilobrivi-khelisupleba-partiebis-kampaniashi>

In March 2012, after Bidzina Ivanishvili's brother's cable company "Global TV" included "Channel 9" in its package, five television stations: "Rustavi 2", "Imedi", "Sakartvelo", "Mze", "Akhali Arkhi" requested "Global TV" to remove them from the package, which could cause serious damages to the income of the company. The decision of the five TV companies was, apparently, politically motivated and aimed at rendering "Global TV" insolvent. Otherwise, it is hard to explain why all five channels would wish to suddenly and simultaneously reduce their broadcasting range and audience. This suspicion is also based on the fact that the owners of these channels are known to be closely related to the ruling authorities.⁶⁵

In February 2012, only one school in Rustavi (a private school "Millennium") failed to pass authorization. This school belongs to **Elza Lekveishvili**, the wife of the director of Bidzina Ivanishvili's Construction Company "ATU". She told us that, as a result of the monitoring conducted by the National Center for Educational Quality Enhancement, 11 schools in Rustavi had problems related to authorization, but in the end only her school "Millennium" failed to pass.

In March 2012, Nadzaladevi police officers demanded **Medea Gvelesiani** in Tbilisi to discontinue a contract renting office space to "Free Democrats". Gvelesiani was accosted by a local police inspector Pipia, who led her to the leadership of the district police Department. Inside the Department they demanded that Gvelesiani terminate the contract, and promised to provide her with work in return.

Other cases of political pressure on businesses are listed in **Table 8**.

III. The use of the country's institutional resources for political and electoral purposes

The use of institutional resources for political purposes in the pre-election period is another variety of the misuse of administrative resources. This includes the use of office equipment, vehicles, facilities, junior civil servants, and other state funded material or human resources belonging to governmental agencies to organize or support party events.

Over the reporting period, institutional resources have quite often been used for political purposes. We have grouped such cases into the following categories: 1) Illegal party instructions given to civil servants; 2) Actions detrimental to the secrecy of the vote in elections; 3) Social advertisements in the service of the ruling party.

1. Public servants' party assignments

Current legislation imposes a special pre-election regime on public officials. The Election Code is the key regulatory normative document in this regard. Article 48 of the Election Code prohibits the use of administrative resources in the period preceding elections, while under article 49 it is prohibited to use state funds and official positions in the pre-election period, which also includes a pre-election ban on propaganda while performing official functions and duties, as well as involvement of subordinate or otherwise dependent persons in the campaign in support of any election subject. Nevertheless, there remains a problem: the above regulations of the Election Code are in effect only after the date of the calling of the election, i.e., they became effective only on 1 August.

However, there is no time limit set on the law "On Public Service", article 61, which states that: "Public servants are not allowed to use their official position for party activities". In addition, the OSCE 1990 Copenhagen Document clearly states that the ruling party should not be confused with the state, and

⁶⁵ For more information, cf. the survey "Georgian advertising sector suffers from a lack of competition and independence." 2012, on Transparency International - Georgia website <http://transparency.ge/advertising>

that the authorities have a responsibility to ensure a clear separation of the state from political parties.⁶⁶

Violations of the above regulations on the part of public officials occurred with some frequency during the reporting period.

1.1. Collecting lists of the ruling party supporters

On 24 May 2012, the TV Company "Channel 9" reported⁶⁷ that the Acting Governor of Ozurgeti **Ilya Vashakmadze** gave his employees an assignment to draw up lists of the "United National Movement" supporters.⁶⁸

In a secret tape footage released by the company, Vashakmadze addresses the employees, saying: "you approach the most reliable people: family members, most trusted friends, relatives, godchildren, whoever you want to. It is not necessary to get 20 or 50 people, but get 10 people at least onto the list, or as many as you can." Vashakmadze also warns his staff that the meeting is extremely confidential and its official goal is supposedly "discussion, say, of the current projects in the city".

In this particular case, we have both a violation of the above norms and also signs of a criminal offense. In particular, under article 332 of the Georgian Criminal Code, abuse of a government position by a public official is a punishable offence. This includes abuse of power by a public servant against the public interest or to benefit himself or anyone else. In this case, the Acting Governor of Ozurgeti was asking his subordinate staff to obtain votes for the party, and doing this using the authority of his position as governor, against the will of the subordinate staff, and exceeding the rights and duties prescribed by the law "On Public Service".

Regarding this fact, Transparency International – Georgia has addressed the Security Council Inter-agency Committee, who responded by saying that at the specified time the Acting Governor was in the "United National Movement" office and was not performing official functions. The wording that Mr. Vashakmadze uses (for instance when he talks about the confidentiality of the meetings, or instructs his staff to officially state that they were only discussing infrastructure related projects); however, suggests that he is engaged in party propaganda while performing his official duties.

Similar violations of the same norms have been identified based on information provided by several employees from different Ministries and public institutions (the Ministry of Finance, the Ministry of Culture and Monuments Protection, and the Rustavi Revenue Service). According to this information, the officials instructed them to draw up the lists of the ruling party supporters, and in case of non-compliance with the order, threatened them with professional difficulties. One of the employees of the Ministry of Finance told us that a meeting was held where it was demanded from him that he deliver a list of 5 supporters of the "United National Movement", otherwise he would face problems. The same person stated that such incidents were taking place across the entire Ministry and in all its sub-units. This fact was further confirmed by another source. After the delivery of the list, public servants received calls from the "United National Movement" and were summoned to the party offices. Moreover, public servants were informed that the people in the lists would be contacted by the "United National Movement" representatives who would verify whether they really were party supporters.

1.2. Collecting personal information

⁶⁶ <http://www.osce.org/odihr/elections/14304>

⁶⁷ <http://www.youtube.com/watch?v=fnaF-a-fnts&feature=share>

⁶⁸ The full version of the secret audio recordings can be found here <http://goo.gl/p0B7o>

During the reporting period, several cases were identified where personal information was collected by public servants for unknown purposes. Personal information, in this case, means an individual's identification number, telephone numbers, as well as their social, official or family status. However, in some cases, the range of information collected by public officials was much wider, creating serious doubts that this information was gathered for legitimate electoral purposes alone.

Collecting personal data without the permission of the person is prohibited under Georgian legislation if it is not necessary for public security, national defense, court proceedings or other matter of significant public interest. Moreover, such acts are punishable under part 1 of article 157 of the Criminal Code, which reads: "Illegally obtaining personal or family secrets; their storage or distribution shall be punishable by fine or forced labor for a term of up to one year or imprisonment for the same period of time".

An interesting case in this regard was identified in Lanchkhuti, where "Freedom of Choice" coalition members stated that they gained a computer memory chip belonging to a Lanchkhuti police officer, **Shmagi Uratadze**, which shows that the police were collecting people's personal data (personal identification numbers and telephone numbers).⁶⁹ Especially alarming is the fact that the information gathered by the police has the data grouped as: people who own satellite dishes, the local leader of the opposition who "supervises the supply of antennas", and "the people employed in the company" of Bidzina Ivanishvili.

The nature of information collected (political view, satellite antenna ownership, service information, etc.) and its extent (all the village residents) suggest that the information could not have a legitimate purpose, and gives rise to serious suspicion that the officer's behavior was politically motivated, in violation of the Administrative Code,⁷⁰ and is punishable under the Criminal Code: article 157 (illegally obtaining personal secrets, their storage or disclosure) and article 332 (abuse of official power).

The same norms were violated in a case observed in Mestia, where in April 2012 the head of the Ipari village dispensary was collecting identification numbers from the rural population, while claiming that he was acting on behalf of the Minister Zurab Tchiaberashvili.

In addition to the illegality of these cases, they are also notable for their potential negative psychological impact on the population in the pre-election period. Such behavior causes legitimate public distrust in the electoral process, and represents a significant impediment to a healthy electoral environment.

1.3. Mobilizing public officials for political purpose

Alongside other assignments, public officials were also asked to participate in public meetings held by high-ranking officials of the government and the ruling party. Up to 40 new hospitals were opened by the president himself, as part of the "100 Top Hospitals" program, between December 2011 and May 2012. The president met with people after every opening of a new hospital, and every time public service employees were actively mobilized using state funds in order to participate in the meetings. In particular:

On 27 February 2012, the President of Georgia Mikheil Saakashvili, visited the hospital in Kvareli.⁷¹ More than a thousand people were brought from various villages of the district in mini-buses to meet

⁶⁹ http://cfcgeo.blogspot.com/2012/07/blog-post_30.html

⁷⁰ General Administrative Code of Georgia, the laws On Public Service and On Personal Data

⁷¹ <http://ick.ge/ka/rubrics/politics/9960-----video.html>

with the President. Talking with journalists, people confirmed that they were public servants and their travel expenses were paid by regional administrative authorities.

The President's public meeting in Akhmeta in March 2012 was also extensive and was related to the opening of a new hospital.⁷² Because of the President's visit, the district public schools canceled their last classes, and the learning process was disrupted in the city schools after 12:00 pm. It was even reported that pupils from nearby villages were brought in inside vehicle trunks⁷³. Extensive administrative resources were mobilized to bring as many people as possible to the territory adjacent to the newly opened medical center.

On May 22, 2012, citizens were mobilized in Poti by the youth wing of the "United National Movement" and the City Hall to attend the president's speech in Anaklia⁷⁴. Again, all City Hall resources were deployed to support this effort. Furthermore, many of the people mobilized were state institution employees.

As these examples demonstrate, a considerable amount of material and non-material administrative resources were spent on organizing public meetings for the opening of new hospitals by the President: public servants, educational and other state employees and students were all mobilized to attend meetings held during working hours. The organizations who arranged the audience for the above meetings have one thing in common - they are financed from the state budget and, therefore, are part of the governmental system. This factor raises a logical question whether those people were forced to attend the meetings and, if so, this constitutes an abuse of official power.

Moreover, such meetings encouraged certain misperceptions among ordinary citizens. For example, it is known that the above medical institutions were built through private investments and belong to insurance and pharmaceutical companies. However, the survey conducted by Transparency International - Georgia reveals that 82.6% of the 250 people surveyed believed that the hospitals were built by the state⁷⁵.

1.4. Politicized diplomatic service

Issuing orders on illegal party assignments was taking place even in such specialized structures of the Public Service as the diplomatic service. We have obtained information that, during 2012, the Georgian embassy in the United States of America sent e-mails laden with politicized content to interested parties, including influential American experts and scholars, in an attempt to discredit Bidzina Ivanishvili and the "Georgian Dream" political coalition.

Two prominent American researchers informed us about the political contents of the messages being sent. One of them relayed to Transparency International - Georgia e-mails received from Khatuna Okroshidze, the second secretary of the Georgian Embassy to the United States.⁷⁶ In her first email⁷⁷ Okroshidze sent a translation of an article from the newspaper "Asaval - Dasavali", in which John Bass, former US ambassador to Georgia, was mentioned in a derogatory context. She also wrote that "Asaval - Dasavali" was Bidzina Ivanishvili's favorite newspaper, while highlighting its xenophobic articles.

⁷² <http://ick.ge/ka/photogalleries/10034--photo-video.html>

⁷³ <http://ick.ge/ka/photogalleries/10036-2012-03-05-17-37-49.html>

⁷⁴ <http://tspress.ge/ka/site/articles/11956/>

⁷⁵ <http://transparency.ge/post/press-release/hospitaluri-seqtoris-kvleva>

⁷⁶ http://usa.mfa.gov.ge/index.php?lang_id=GEO&sec_id=138

⁷⁷ <http://goo.gl/MdVyF>

Okroshidze's second letter⁷⁸, sent to an American expert, contains various Georgian newspaper clippings in which the positions of the "Industry will save Georgia" political party representatives were noted. The Embassy employee also highlighted that the given opposition party has become a member of the "Georgian Dream" coalition, has an express anti-western position, is against Georgia entering NATO, and wants to create an autarkic economy in Georgia, similar to Belarus, whose major partner will be Russia. Another American researcher also wrote to us that he had received similar emails from the Georgian Embassy.

It is obvious that such actions were instances of the use of public resources in favor of the ruling political party. Using the Foreign Service to serve the lobbying purposes of one party is impermissible; such steps totally contradict the practice of democratic countries, and are a gross violation of Georgian legislation. Under Article 15 of the Georgian Law on Diplomatic Service, "a person shall cease any kind of political activity from the time of his/her appointment to a diplomatic position. During his/her employment in the Diplomatic Service a diplomatic agent shall remain politically neutral, and shall have no right to carry out activities / propaganda in favor of or against any political party, organization, union." Such actions by the diplomatic service would cause a huge scandal in any civilized country and cast doubts on its reputation.

Responding to this fact, the Georgian Foreign Ministry said: "the e-mails did not include political bias."⁷⁹ The focus was on facts that reflect the positions of the various Georgian political parties on important foreign policy issues." The Foreign Ministry also said: "The e-mails were aimed at supplying experts and researchers with factual information" and "in none of the above cases have the Georgian diplomats sent their own political assessments to foreign colleagues".

It is difficult to consider Okroshidze's e-mails as "factual information". In one of her e-mails, she refers to a Georgian newspaper as "known for its xenophobic content", and "Ivanishvili's favorite newspaper". These words reveal the Embassy employee's subjective opinion and political assessment. The second e-mail contains a similar judgment.

2. Actions against the secrecy of the vote in elections

The principle of the secrecy of the vote is the most important prerequisite for the realization of voting rights. It is backed and guaranteed by the Constitution of Georgia, international agreements and the Election Code. Under Subparagraph "d" of Article 3 of the Election Code, elections, referendum and plebiscites in Georgia shall be held by secret ballot. Any action restricting free will of the voter, or controlling the expression of the voter's free will is prohibited.⁸⁰ These regulations serve to protect the principle of vote secrecy, which is vital to ensuring voter confidence towards the electoral process.

In spite of this, ahead of every election false assumptions are spread, mostly by people employed in the public service, regarding the violation of the secrecy of the vote. Analysis of the sources of the information raise grounded suspicions that it is a deliberate campaign inspired by certain political interest groups. According to the most common assumptions the voting booths have surveillance cameras, or that people are given orders to circle the number in the Bulletin in different ways, or using different colored pen, in order to identify their choice. Transparency International - Georgia has often received information on these facts from its own sources, while various news outlets have also documented it. "...people are called to the local administration. Public servants are told that every citizen's Bulletin will be identified, that booths have hidden cameras, and they are warned that after entering the booth and circling the bulletin, they must take a photograph of the circled number "Five".

⁷⁸ <http://goo.gl/OXwoY>

⁷⁹ http://www.mfa.gov.ge/index.php?lang_id=GEO&sec_id=59&info_id=15425

⁸⁰ The Election Code of Georgia. Subparagraphs "d.a" and "d.b" of Article 3

They are also told that they will be given different color pens to mark bulletins", - said majority candidate Viktor Japaridze⁸¹. A former coordinator of the "United National Movement", Rusudan Tsiklauri, asserted the same⁸².

Sources have also informed Transparency International - Georgia about demands by ruling party activists that their supporters take photos of their marked ballot papers with the use of a particular camera, in order to avoid the transfer of a photo between them. Besides the fact that this is a violation of the constitutional principle of the secrecy of voting, the requirement of the Election Code, Article 58, paragraph 6, stipulating that "to ensure the secrecy of voting, photo and video recording inside the booths is prohibited", is also violated. This, on the one hand, is a violation of the right to the secrecy of voting by the person committing the offence, punishable under Article 164 of the Criminal code, while, on the other hand, with regard to the person requesting voters to take photos, this constitutes an attempt to commit a crime (violation of the secrecy of voting), punishable under Article 164, as well as provoking a crime (article 145 of the Criminal Code).

To avoid similar psychological pressure on voters, the Central Election Commission should take appropriate measures. Preferably, it should conduct an active media campaign to deepen confidence within the electorate that the secrecy of their vote will be guaranteed.

3. Social advertisements for the ruling party

During the reporting period, such administrative resources as social advertising were actively used for the ruling party's own electoral and political goals.

Social advertising is regulated by the law and it is the liability of all licensed media outlets to provide such advertising free of charge.⁸³ However, the law also strictly regulates the question as to what can be considered a social advertisement. In accordance with the first paragraph of Article 12 of the law "On Advertisement", a social advertisement is "an advertisement to promote the public good and charity related goals; it is neither commercial nor electoral, and does not include advertising of any legal entity of private law or a government institution, or their services".

Analyzing the social advertising data on the public broadcaster over the entire reporting period, we found that numerous video commercials did not meet the criteria of social advertising specified by the legislation. Moreover, content-wise, many of them were political advertisements serving the propaganda purposes of the ruling party. These cases represent the use of administrative resources for electoral purposes and constitute illegal donations on behalf of the government in favor of a particular political union.

Transparency International - Georgia studied a number of social ads on the public broadcaster during 2012 and commissioned by state authorities, many of which are clearly beyond the scope of the legal definition of social advertising. In particular:

- A pension increase campaign-related ad was very much like a political pre-election advertisement, with the president as the key character, giving promise to increase pensions by September 2012.⁸⁴ The date coincided with the period ahead of the parliamentary elections in Georgia.

⁸¹ <http://goo.gl/a8Yay>

⁸² <http://www.youtube.com/watch?v=H82oXBs405E>

⁸³ The law of Georgia "On Broadcasting". N780. 23.12.2004. 660, 5, 18.01.2005. article 65.1.

⁸⁴ <http://www.youtube.com/watch?v=5iWw8bpHdyg>

- Educational reform-related advertising was also beyond the scope of social advertising, with a video commercial detailing the past achievements of the Georgian government and the services it had provided.⁸⁵ Content-wise it clearly resembled political advertisements, which are usually used in the pre-election period.
- "8 years of the Rose Revolution".⁸⁶ The political nature of this advertisement is even more dramatically evident, with the video outlining the government's post-revolution achievements and reforms, quoting the head of the North Atlantic Alliance. The video prominently features the president and other government officials.

A comprehensive list of political ads bearing the status of social advertising is given in **Table 9**.

Transparency International - Georgia twice emphasized the issue of politicized social advertising, but in the first instance⁸⁷ the relevant authorities made no attempts to eliminate the illicit practice, while in the second instance⁸⁸ the inter-agency committee recommended that the government and the public broadcaster stop running these so-called social ads in the pre-election period, which highlighted projects implemented by the government and could be perceived as an election advertisement.⁸⁹ However, this response should be considered overly sluggish, since by that time such advertisements had been extensively shown on Georgian channels for many months, bringing benefit to the ruling party. In this case, too, it was evident that administrative resources were being used in favor of the ruling party.

IV. Voter bribing

In addition to the use of state administrative resources, serious attention should be paid to issues such as vote-buying while monitoring pre-election processes. Vote-buying is a criminally liable action and its definition is provided in Article 164¹ of the Criminal Code, article 25² of the Georgian Law on Political Unions of Citizens, and Article 47 of the Election Code. Under the Criminal Code: "Direct or indirect offer, pledge, transfer or render of money, securities (including financial instruments), other property, property rights, services or any other advantage for election purposes, or acceptance of such through previous knowledge, or concluding illusory, hypocritical or other transactions for the purposes of avoiding restrictions prescribed by the law is punishable by imprisonment up to three years or a fine".⁹⁰

Violations of these laws may have a significant impact on the will of the voters, and therefore regulatory bodies and political parties should devote special attention to this issue. During the reporting period, several cases were identified with manifest signs of vote-buying.

1. Sheep and wine for Rustavi voters

⁸⁵ <http://www.youtube.com/watch?v=ltN2OrS9I9s>

⁸⁶ http://www.youtube.com/watch?v=Zm5za_c2Dbk

⁸⁷ <http://goo.gl/gbD1j>

⁸⁸ <http://transparency.ge/blog/sotsialuri-reklamebi-mmartveli-partiis-samsakhurshi>

⁸⁹ <http://www.nsc.gov.ge/geo/news.php?id=6197>

⁹⁰ Article 164¹ of the Criminal code of Georgia

In April of 2012, a member of the Rustavi City Council from the "United National Movement", **Tamaz Gvelukashvili**, sent sheep and wine to several Rustavi districts as Easter presents. Transparency International – Georgia interviewed Rustavi residents who confirmed this fact.⁹¹ They noted that, a few days before Easter, information about the number of residents in various building was collected in different districts. On Easter day, presents (specifically, sheep and 20 liters of wine) were delivered by car to the same districts. In some districts, presents were even distributed by Rustavi City Council and Kvemo Kartli Regional Administration employees. It was openly stated that the parcels had been sent by Gvelukashvili. "Yes, they brought sheep and wine to our district; Gvelukashvili did not appear in person, but those who brought the presents said that they were sent by Gvelukashvili", said a resident of the settlement adjacent to the Youth Park. Residents of Lomouri street stated that "this is an election present, they have brought us sheep and wine during previous elections, and now it is Gvelukashvili's Easter present", and that "The City Council staff brought them, but they said that Gvelukashvili had sent them."

The State Audit Office conducted an administrative investigation into the above case and found that it was not Gvelukashvili who had distributed the goods but the City Council Vice Chairperson **Kakha Baratashvili**, a member of the "United National Movement"⁹², at his own expense. The Audit Services found Baratashvili guilty of making an illegal party donation. However, Baratashvili holds an official political position and, naturally, has electoral and political aspirations. Consequently, this case should have been considered vote buying. A criminal offense was obvious, because there had been not only a promise, but also an actual transfer of gifts. The fact that the person committing the act was not an ordinary activist but a high-ranking official strongly suggests electoral motivations.

2. Festive feast for Tetrtskaro voters.

On 4 June 2012, the news agency "info 9" released a report⁹³ which shows Tetrtskaro district majoritarian MP **David Bezhuashvili** organizing a festive feast for residents of the Asureti village. This action could also have been construed as vote buying. One person interviewed for the report recalled that on the eve of the Asureti village holiday "Asuretoba" inviters went around informing the villagers that **David Bezhuashvili** was inviting them to the feast. The report pictured the preparations for the feast and the MP himself. Moreover, based on comments from various residents, the news agency reported that Mr. Bezhashvili widely organized "similar feasts in other villages as well". Transparency International – Georgia called upon the State Audit Office and the Prosecutor's Office to launch an investigation into the case.⁹⁴ On July 17, the State Audit Office replied that: "No facts suggesting the organizing of an event or the provision of material gifts for political purposes have been confirmed. The obtained information does not provide reasonable grounds to believe that a violation of the requirements of the Law on "Political Unions of Citizens" has occurred".⁹⁵

3. Pre-election feast for Kakhetian voters

Kakheti Information Center reported⁹⁶ that on 31 July 2012 the political party "Christian - Democratic Movement" invited voters to a feast at one of their events. Transparency International - Georgia concluded that such actions could be perceived as voter buying. According to the report, the party

⁹¹ [http://transparency.ge/blog/Sheep and 20 liters of wine for Rustavi voters](http://transparency.ge/blog/Sheep%20and%20liters%20of%20wine%20for%20Rustavi%20voters)

⁹² <http://sao.ge/?action=news&npid=232&lang=geo>

⁹³ <http://www.info9.ge/?l=G&m=1000&id=99>

⁹⁴ <http://goo.gl/8iKHL>

⁹⁵ <http://sao.ge/?action=news&npid=254&lang=geo>

⁹⁶ <http://ick.ge/ka/articles/11778-2012-07-31-19-49-23.html>

leaders claimed they had only organized the event, and that the costs of the feast (wine, meat, cucumbers, tomatoes, and bread) were covered by the voters. However, many people insisted that they had not paid anything. The video recording also revealed that the event was perceived by those who attended it as a "Christian - Democrats" funded event. The State Audit Office has started an inquiry into the case.

See other facts about the alleged vote buying in **Table 10**. The state authorities have not taken any action on the facts listed in the table

Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment C(3) to Supplemental Report
August 29, 2012 - February 28, 2013

Press Release: Georgian Dream Reaffirms Commitment to Elections Code of Conduct

September 18, 2012

Matthew Leffingwell, Chief of Staff, Representative Kay Granger

Each message included the following disclaimer:

This material is distributed by Downey McGrath Group, Inc. on behalf of its foreign principal Bidzina Ivanishvili. Additional information is on file with the FARA Registration Unit of the Department of Justice, Washington, District of Columbia.



PRESS RELEASE

Georgian Dream Reaffirms Commitment to Elections Code of Conduct

Tbilisi, Georgia, 17 September 2012 – Today the main Georgian opposition political coalition, Bidzina Ivanishvili – Georgian Dream, reaffirmed its support for and compliance with the electoral Code of Conduct prepared by the Georgian NGO community. Coalition leader Bidzina Ivanishvili stated: “we ...have - and will - conduct ourselves in accordance with the Code of Conduct.”

On this issue, the Georgian Dream illustrated the following points:

1. On July 23, the Georgian Dream political coalition announced its willingness to accept the 17-point document, which was created by Georgian NGOs. The coalition also reiterated its willingness to comply with other requirements as needed.
2. On August 6, the Georgian Dream political coalition announced that it accepted the new conditions added by the Georgian government and presented in a document revised by the NGOs and that it took the responsibility to act according to these conditions.
3. On August 30, the Georgian Dream political coalition published a statement proposing the creation of a monitoring control mechanism, together with NGOs, election observers, and foreign governments and international organization, to ensure that any parties to the election do not violate the Code of Conduct.
4. Today, on September 17, the coalition, in order to remove any confusion, once again announces that it has accepted and taken the responsibility to abide the Code of Conduct (which can be found in English and Georgian language on the website of Transparency International) without any remarks, additional requests, or conditions.

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Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment C(4) to Supplemental Report
August 29, 2012 - February 28, 2013

TI Report on Pre-Election Environment

September 18, 2012

Matthew Leffingwell, Chief of Staff, Representative Kay Granger

Each message included the following disclaimer:

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An Analysis of the Pre-Election Process (1 October 2011- 1 August 2012)

Introduction

The October 1 2012 elections are going to be a very important for Georgia. The country will change over to a mixed system of government with the aim of significantly enhancing the role of the legislative body. The existing distribution of political power gives us reason to assume that these elections are going to be one of the most competitive elections in the history of Georgia. Because of this, the pre-election marathon started earlier than usual. In particular, the appearance of Bidzina Ivanishvili in politics in October 2011 has intensified this competitive process. In order to gain an accurate perception of the pre-election political environment Transparency International has reviewed October 1, 2011 to August 1, 2012, our findings are presented below. We will keep the political environment under review and post August 1, we will release two further investigative reports.

The present report comprises four chapters. The **first** chapter deals with the use of the state legal resources for political and electoral purposes. The **second** chapter reviews facts of pressure on political grounds. The **third** chapter deals with the use of state institutional resources for political and electoral purposes, and the **last** part of the report analyses cases of vote buying.

I. The use of legal resources for political and electoral purposes

Legal resources are among the most powerful weapons for creating unequal conditions for political opponents and securing dominant position for the ruling party. Such resources imply using the state legislative, executive and judicial powers for political and electoral purposes. These may include amendments to the law that are detrimental only to certain political groups, as well as divergent enforcement of the law, unjust judicial decision-making etc.

During the reporting period there were a significant number of instances where legal resources were used for political and electoral purposes. We have grouped such actions into three categories: 1. Amendments to the election legislation; 2. Amendments to the banking and financial regulations; 3. Divergent law enforcement – selective judicial procedure.

1. Amendments to the election code

In November 2010, the election legislation amendment process begun¹. At the end of 2011 a new Election Code was elaborated and the law on “the Political Unions of Citizens” (The law regulating parties and party financing) was considerably reformed bringing radical changes to the rules of financial accountability and transparency of political parties. When analyzing legislative changes it is necessary to highlight the course of the very legislative process.

1.1. Election Code

¹ <http://www.civil.ge/geo/article.php?id=23324>

In June 2011, the ruling party and several oppositional political parties reached an agreement on the amendments to the Election Code². For the main part these amendments were not sufficient to remove anti-competitive obstacles in the election environment³.

The Venice Commission report also highlights a number of problems that the proposed draft law was unable to solve⁴, particularly with regard to misuse of administrative resources. The following regulations should be singled out:

- The use of communication tools, information services and different types of equipment under the control of the state or local self-government bodies and the organizations financed by the state budget has been banned⁵;
- The range of people who can use service vehicles and be reimbursed for petrol during campaigning has been restricted⁶;
- The Election code provided for the creation of, and defined the functions of, a governmental "Inter-Agency Taskforce for Free and Fair Elections" (IATF) Commission under the National Security Council of Georgia⁷;
- The definition of political officials was expanded, to include unelected and politically appointed official, such as a State Representative – Governor⁸;
- It became possible to suspend through court order the expenditures separated under unlawful amendments entered into the state/local budget in the pre-election period.

While many international and local organizations have highlighted the insufficient regulation of abuse of administrative resources⁹, relevant fundamental changes have not been effected. The range of political officials is very wide and includes a number of unelected/politically appointed positions such as a unelected mayor, head of local administration, state representative – governor, deputy minister. Granting them the right to participate in the election campaign is an example of misusing administrative resources.

1.2. Organic law on the Political Unions of Citizens (The law regulating parties and party financing)

The agreement reached between the ruling party and several opposition parties in June, 2011,¹⁰ also included the amendments to the organic law of Georgia on the "Political Unions of Citizens" (The law regulating parties and party financing). In particular, the law doubled the permitted level of political contributions determining to GEL 60 000 for individuals and GEL 200 000 for legal entities, despite protects by local NGOs¹¹. Even the existing limit was quite high and that amendment would not ensure neither more competitive election environment nor the growth and diversification of contributions to opposition parties. The ruling party stated that the issue was not subject to changes as the agreement

² <http://www.civil.ge/geo/article.php?id=24247vernor>

³ Cf. "Opinions on the Government proposals for improving the Election Environment" on the Transparency International – Georgia website <http://goo.gl/dNf2W>

⁴ [http://www.venice.coe.int/docs/2011/CDL\(2011\)094-e.pdf](http://www.venice.coe.int/docs/2011/CDL(2011)094-e.pdf)

⁵ The Organic Law of Georgia on "The Election Code of Georgia" (hereinafter referred to as "The Election Code of Georgia"). 27.12.2011. N5636-6b. Legislative Alerts. webpage 10.01.2012. article 48.1.b.

⁶ The Election Code of Georgia. article 48.2.

⁷ The Election Code of Georgia. article 48.3-9.

⁸ The Election Code of Georgia. article 2.b.

⁹ <http://goo.gl/mGxuK>; <http://goo.gl/1NYUV>; <http://goo.gl/qaH8p>

¹⁰ <http://www.civil.ge/geo/article.php?id=24247>

¹¹ Cf. "Opinions on the Government proposals for improving the Election Environment" on the Transparency International – Georgia website ". <http://goo.gl/dNf2W>

between parties had already been reached and new amendments could only be achieved through another agreement. In October, 2011, however, after Bidzina Ivanishvili entered the election competition, the Georgian Ministry of Justice introduced a package of amendments to the organic law of Georgia on the Political Unions of Citizens¹² which directly contradicted these agreed amendments. These new amendments included imposing a ban on contributions to legal entities, imposing different restrictions on contributions made by individuals. In addition a definition of entities that would be subject to the restrictions imposed on political parties was introduced, and a new body - the Chamber of Control (now the State Audit Office) was created in order to regulate this and the financial accountability of political unions.

The media and the political spectrum linked the altered draft of the Justice Ministry with the appearance of Bidzina Ivanishvili on the political spectrum¹³, with the aim being to prevent Bidzina Ivanishvili from being able to use his companies to take advantage of the increased contribution limits and finance an opposition party.

In addition to imposing the ban on donations to legal entities, the proposed draft law provided for a number of issues restricting the freedom of political activity, freedom of expression, and property rights. Again the proposed changes were adopted in spite of protests by local NGOs and the formation of the civil movement "This Affects You Too"¹⁴ which aims at lobbying for these legislative changes¹⁵.

Under the latest legislative amendments, limits imposed on parties affects both ordinary citizens as well organizations that support a political party. For example, a competing politically party has had their income restricted as a result of the new legislative amendments capping permitted donations, political parties and their donors have become subject to the audit and investigative powers of the State Audit Office, which as we will detail has deployed its powers disproportionately against opposition parties and their donors, further a donor or opposition party can have their entire assets frozen pending determination of a fine by the Audit Office (previously a fine was ten times the value of the donation, now it stands at five times the value of the donation) in addition to unjustifiably high and disproportional sanctions have been imposed for minor or created legal infringements. Such indefinite and unforeseeable regulations have been used against political opponents posing a serious threat to free competition in the pre-election environment.

While the activities of the This Affects You Too campaign and the efforts of the civil sector, international organizations, diplomatic corps and public at large has resulted in positive and significant changes to the law "The Political Unions of Citizens", a number of serious issues still need to be addressed. In particular:

1.2.1. Sanctions imposed on parties for violations of financial regulations

The existence of sanctions and their effective application, used properly, can compel political parties and officials to reject illicit financing, which, in its turn, brings greater accountability and transparency to the political process. Such state regulations must be prompt and proportionate in instances of non-compliance, in order to effective and trusted¹⁶.

¹² <http://www.tabula.ge/article-17210.html>

¹³ http://www.resonancedaily.com/index.php?id_rub=2&id_artc=8147

¹⁴ <http://esshengexeba.ge/>

¹⁵ <http://esshengexeba.ge/?menuid=25&lang=1>

¹⁶ *Financing of Political Parties and Election Campaign* – guidelines – Ingrid Van Bizen, Birmingham University (the UK), Council of Europe publication (2003)

In line with international practice and GRECO assessments, this legislation should not include disproportionate sanctions, which could in turn severely restrict political activities and competition. Disproportionate enforcement and the imposition of excessive fines by the State Audit Office would lead to abuse of regulatory resources, causing serious problems for political parties and leading, in some cases to complete paralysis of their political activities. In June 2012, a GEL 2,86 million fine was imposed on the *Georgian Dream* coalition member parties¹⁷. We will present an in-depth analysis of the sanctions imposed within the political party financing regulation in our forthcoming reports.

1.2.2. Improper dissemination of the information about parties

Biased application of the law by the investigative and law enforcement agencies in political processes can be an example of improper use of regulatory resources.

According to an article published by 24saati.ge in late December 2011¹⁸, 9 out of 11 legal entities that had made contributions to the Conservative Party, the Republican party and the People's party during that year are owned by Bidzina Ivanishvili, and the remaining 2 are owned by Kakhi Kaladze¹⁹. More interestingly, this information was received directly from the Prosecutor General's Office. While Georgian law clearly states the reasons why certain information can be requested from a person by the prosecutor: "to implement supervision or procedural guidance"²⁰ allegedly illegal donations are an infringement of administrative law, not an infringement of criminal law. It is therefore unclear how and why the Prosecutor's office would have sure information in their possession and what statutory responsibilities they possess for releasing this information in this way.

1.2.3. Retroactive force of the law and unspent donations

As an example of the misuse of regulatory resources for electoral and political purposes, at the end of 2011, the draft law "Political Unions of Citizens" included a complete ban on donations from legal entities, and included a specific provision that any donated sums of money that had not been spent before this legal amendment took effect should be returned to the donors or transferred into the state budget²¹.

Further, this clause specified that these donations should be returned to the donor within three calendar days failing which the donations would be transferred directly to the state. Thus the law acquired retroactive force.

As a result of campaigning by local NGOs and diplomatic corps, the law was not granted retroactive force and the offending clause was removed from the enacted legislation.

Nevertheless, this action by the Georgian Government was not without consequences. An examination of the 2011 financial accounts of a number of political parties²² showed a tendency to pre-purchase and

¹⁷ <http://www.civil.ge/geo/article.php?id=25629>

¹⁸ <http://24saati.ge/index.php/category/news/2011-12-24/23624>

¹⁹ For more information cf. *The Finances of Political Parties in 2011* on the Transparency International – Georgia website, 2012. <http://transparency.ge/post/report/politikuri-partiebis-pinansebi-2011>

²⁰ The law of Georgia on Prosecution. 21.10.2008. N382. 660, 27, 27.10.2008. article 22.1.8.

²¹ Cf. *The third version of the hearing of the amendments to the organic law of Georgia on Political Unions of Citizens* on the Transparency International – Georgia website (<http://transparency.ge/en/node/1490>).

²² For more information cf. *The Political Parties' finances in 2011* (<http://goo.gl/rWYhD>).

make advance payments, particularly in cash²³, in advance for a number of expenses such as fuel, office rent and other services and goods in order to spend donations before the legislation entered into force.

It is evident that using the legislative process in such a way, not only distorts the aims of transparent financial accounting but has a disproportionate impact on the financial status of government opposition parties. Because the ruling party can prepare for the impact of any legislation – as the enactors of such legislation but also because state entities responsible for enforcing the law, as we will demonstrate, are unfairly biased in prosecuting opposition parties, rather than the ruling party, for any violations of these laws.

2. Amendments to the tax and enforcement legislation

We are aware of the following serious instance of the ruling party deploying its legislative resources against a political opponent.

In common with international banking law and practice, Chapter VI of Volume II of the Georgian Civil Code allows for a debtor to use collateral for loans – whether it be a tangible or intangible asset. It further allows for a creditor to register a lien on a property at the Public Registry Office and take priority over other creditors that may come after. Therefore in the case of non-payment of a debt or breach of contract the priority creditor can take ownership of or sell that asset in lieu of payment of the debt.

The ordinary procedure for any bank, prior to issuing a loan or mortgage would be to verify with the Public Registry that that asset has not already been the subject to a lien, and registers the bank's lien on that asset. In this way it acquires priority over any subsequent creditors, whether they be commercial creditors, the tax office or a governmental body.

However on October 28, 2011 the government used its majority in Parliament to amend article 82³ of the Enforcement Administration law and article 239 of the Tax Code for certain financial institutions which changed this procedure. According to these amendments if the grounds for lien by the Georgian Tax Authorities arose before a financial institution registered its lien, then the Tax Authorities lien would take precedence as a priority creditor over the financial entity, irrespective of whether the Tax Authority had registered its lien before the financial institution.

Further, these amendment was given retrospective force and their application extended to all liens registered at the Public Registry prior to Parliamentary approval. These legislative amendments seriously threatened the legal stability of the Georgian secured loan market and exposed financial institutions to unanticipated financial risks. Transparency International Georgia and other organizations responded to these changes by producing an analysis of the damage that these amendments would cause to Georgia's efforts to attract investors.

We are aware of only one reported occasion when these amendments have been enforced - against Cartu Bank, owned by Bidzina Ivanishvili. In addition Transparency International wrote to the six leading commercial banks, we received a reply from Cartu Bank and ProCredit Bank. ProCredit Bank has not been subject to these amendments. We have also conducted a media review and it our belief

²³ Under article 5 of the *Instructions for completing the Financial Reporting Forms of the Political Unions of Citizens* adopted by the Georgian Chamber of Control Chairman's order #10/37 on *Approving the Financial Reporting Forms of Political Unions of Citizens and the Instruction for Their Completion* issued on 23 January, 2012, cash cost is actually paid money. Subsequently, when a party pays funds in advance, the fund constitutes cash cost notwithstanding whether the fund/instrument is recognized i.e. accrued (actual) cost and whether service/goods has been received or not.

that apart from Cartu Bank, none of the other 18 commercial banks and numerous other financial institutions operating in Georgia have been made subject to these amendments.

From the date the amendment entered into force, October 28, 2011 until January 27, 2012 the Tax Office sought priority creditor status and enforcement action against Cartu Bank for 16 of the bank's clients. A total of 49 debtors' assets were sold by auction. According to the Property Assessment Act, the starting price of auctioned assets is 50% of the assets' market value. In the majority of cases no bidder was obtained at auction and as a result most of the assets passed to the state. Where the assets were sold at auction the buyer did subsequently pay for the asset and these assets were also transferred to the state. According to Cartu Bank the total value of the assets confiscated by the state amounted to 112 8883 000 Gel, a significant financial fine.

On 30 March, 2012 these amendments were removed and the law returned to how it had been prior to 28 October 2011.

3. Law enforcement- selective prosecution

In addition to the introduction of legislative changes with the purpose of harassing political opponents, serious problems persist around the law enforcement and the governmental bodies exceeding their statutory functions. The State Audit Office is the worst offender in this regard and has enforced a number of controversial and illegal decisions, often with the assistance of other governmental agencies and even technically independent legal entities such as the Bank of Georgia. In the majority of these cases, the courts have upheld the actions of the Audit Office.

3.1. Selective Prosecution by the State Audit Office

One of the changes enacted by the law "Political Union of Citizens" in December 2011, was the creation of a new regulatory body – the State Audit Office. It is noteworthy that the legislation assigned a wide body of vaguely defined functions to the Audit Office, further there have been numerous cases of the Audit Office making ambiguous and excessive use of the powers it has been granted.

3.1.1. Inappropriate use publicity powers and ambiguous interpretation of the law

Another example of improper use of regulatory resources occurred on February 20, 2012. The State Audit Office circulated a document²⁴ detailing certain illegal donations received by the Georgian Dream and scrutinizing revenues received by the United National Movement.

According to the document, Nugzar Khutsishvili donated a financial bonus he had received from Cartu Mshenebeli Company to the Georgian Dream. The Audit Office deemed this action to be in violation of the law and published a detailed breakdown demonstrating when Nugzar Khutsishvili receiving the bonus from his employer, as well as the amount of his salary, whether he had received such bonus before and how he transferred the money to Georgian Dream's account.

An equally detailed account of the donation made to the ruling party was not provided by the Audit office. The document did not detail who or whom had made the donation, even though the donation was disseminated to many individuals and entities, and this information was never made public. Further the statement noted that this donation would not be the subject of a fine and that it had not been a violation of the previous law at the time the donation had been made. Transparency international believes that at the time this donation was made it was a violation of the previous law

²⁴ <http://control.ge/news/id/407>

and further inconsistent and selective application of sanctioning tools in addition to selective publication of such information is unacceptable and an abuse of state powers by the ruling party.

3.1.2. Inconsistent publication of financial reports

The primary function of the State Audit Office is to monitoring political financing and ensure transparency. For example, parties are responsible for submitting their financial declarations to the State Audit Office, who will upload the information to their website within 5 days of receiving the declaration. Further within 5 days of receiving a donation a party must share the information with the Audit Office, the Audit Office is not explicitly required to release this information (although this had been stipulated in an earlier draft of the law (which was passed on the first hearing²⁵). This clause was removed from the final draft of the law, it is therefore not mandatory for the Audit Office to disclose this information in the full form in which it is received from all parties. This gives the Audit Office the complete discretion to choose when and how and what information it will release²⁶.

Another instance of the State Audit Service acting inconsistently is related to parties' incomes and expenses. The Audit Office immediately released the information on the sponsors of the oppositional political unions as well as their costs; however, it took the Audit Office much longer to make the information on ruling party financing public. The United National Movement declared on May 15, 2012²⁷ that they had submitted the information to the State Audit Service; however, it was only in June that the information became public²⁸.

In addition to this, another tendency emerged while surveying the 2011 financial declarations. Significant deficiencies were identified in the 2011 financial reports of political unions released by the State Audit Office on February 9, 2012:

- a) It was, in fact, impossible to obtain full information on a significant part of financial declarations due to the poor quality of the materials uploaded on the State Audit Service's website;
- b) The full names of the sponsors as well as their personal identification numbers and other data were illegible in the declarations. According to the State Audit Service said, this gap was due to the parties delivering the information in a small-size font;
- c) The addresses of the individuals making donations remain redacted even today. According to the State Audit Office, the data have been covered at the request of the parties since it was not mandatory to indicate them.

At that time, the law on Political Unions of Citizens provided for the publicity of the addresses of individual investors and all other information related to donations²⁹, while the Central Election Commission was charged with the responsibility to make the information available (now the responsibility rests with the State Audit Office). It is important to note that the State Audit Office

²⁵ Cf. *The first reading version of the draft law on the amendments and supplements to the organic law of Georgia on Political Unions of Citizens* on the Transparency International – Georgia website. <http://goo.gl/NPMKV>.

²⁶ Cf. *Georgian Chamber of Control covering public information* on the Transparency International – Georgia website <http://goo.gl/K3V5w>

²⁷ <http://goo.gl/COjGW>

²⁸ <http://goo.gl/KbwkU>

²⁹ Organic Law of Georgia on political Unions of Citizens. 31.10.1997. N1028. Parliament bulletin, 45, 21.11.1997. paragraphs 2 and 6 of article 27.

reacted in response to a declaration by Transparency International – Georgia³⁰ and re-uploaded the reports of the political unions on its website anew so that they could be read. Several declarations, nevertheless, still remain partially illegible³¹.

Transparency International – Georgia also requested the parties' financial declarations from the State Audit Office. The supplied information does not have the data on investors covered but they are remain detailed on the State Audit Office's website. At the same time, based on the supplied information, the addresses of the United National Movement's investors are not indicated in the declarations³². Therefore, both the ruling party and the Audit Office are in violation of the law requiring the disclosure of this information³³.

To ensure transparency and adherence to the law it is essential that the financial activities of all political entities be made public. In this respect, the selective approach to publishing financial reports of the political parties only is a further example of the government's improper use of regulatory resources.

3.1.3. Broad interpretation when imposing a sanction

It is the State Audit Office which declares whether an entity is to be classified as a political party, prior to this classification, any donations received by that party cannot be classified as illegal. When imposing sanctions and while interpreting the law, the State Audit Office should not exceed its statutory powers and it should act solely pursuant to its statutory objectives.

In early May 2012, the media reported on the establishment of the "Komagi" charity foundation. In connection with the creation of the fund, certain statements were made by politicians suggesting that the foundation actually had a political, not charitable, objective³⁴.

According to the State Audit statement, on 10 May 2012 Bidzina Giorgobiani transferred 90,000 Euros to the above foundation³⁵. On 18 May 2012 the State Audit Office classified the foundation as a political entity and announced that it would launch an investigation.³⁶

On 22 May, 2012 the State Agency announced that it found Bidzina Giorgobiani to be in violation of the law on the grounds that his donation had been an illegal donation to a political party (60,000 GEL limit) and had been made from a bank that was not licensed in Georgia, also in violation of the law.³⁷

However, Bidzina Giorgobiani had made his donation before the Audit Agency's proclaimed the organization to be a political entity and this was not therefore a breach of the law. Rather than fine him, a more appropriate reaction would have been for the agency to ensure that the foundation to return

³⁰ Cf. *Georgian Chamber of Control covering public information* on the Transparency International – Georgia website <http://goo.gl/K3V5w>

³¹ For example, the information on the Christian Democratic Movement investors and membership fees is actually illegible.

³² The declaration supplied to the Transparency International – Georgia by the State Audit Office was submitted after The United National Movement transferred the donation, as illegal, to the state budget.

³³ <http://sao.ge/res/files/pdf/17/document.pdf>

³⁴ Cf. The Joint Appeal of the non-governmental organizations concerning the creation of the "Komagi" Foundation on the Transparency International – Georgia website <http://goo.gl/H3YkI>

³⁵ <http://control.ge/news/id/491>

³⁶ <http://control.ge/news/id/479>

³⁷ <http://control.ge/news/id/491>

Mr. Giorgobiani's donation to him. The State Audit office clearly overstepped its statutorially defined powers and misused its regulatory resources.

3.1.4. The problem with instant response – a selective approach

A further, manifestly disproportionate reaction by the State Audit Office has been seen in its treatment of investigations of alleged vote buying.

noted above, the State Audit Office reacted instantly to prevent the "Komagi" foundation from committing the act of possible voter bribery. This government agency has responded with similarly striking efficiency to the creation of another charity foundation called "Georgian Football Supporter" and frozen its financial assets as well as alleging that different physical and legal entities had transferred funds to the accounts of that organization³⁸. However, as seen from the documents submitted by the Foundation³⁹, there has actually been no such movement of funds through the Foundation's accounts during this period.

In contrast, the State Audit Office has responded significantly slower to allegations of vote buying by the ruling party. On May 3 2012, Transparency International Georgia detailed the case of Tamaz Gvelukashvili, a Rustavi City Council member from the United National Movement, who was found distributing "Easter presents" to the local population⁴⁰. The State Audit Office took three weeks to release a statement that it would investigate the issue⁴¹. Ultimately the Audit Office announced that it could not identify any evidence of voter bribery and it classified the act as a lower violation – that of an illicit donation in favour of a political party.

Further, instead of Tamaz Gvelukashvili, a different member of the Rustavi City Council – Kakha Baratashvili was named as the offender. In this particular case, the State Audit Office overlooked an obvious instance of vote buying. The State Audit and the Prosecutor's Offices have refused to investigate many other instances of alleged vote buying by the ruling party. In particular, the regulatory authorities have had no reaction whatsoever on cases dealing with the distribution of gift presents by politicians revealed by Transparency International – Georgia on February 29⁴².

3.1.5. Fine for unpaid donation

Alongside these instances, on 12 March 2012 the State Audit Office fined Cartu Bank for a donation that had not ultimately occurred. The fine imposed was ten times alleged donation - GEL 822 040, stating that the financial transaction had the intention of bypassing the law.⁴³

According to the State Audit Office statement: Bank Cartu transferred to its employees a large amount of bonus funds – GEL 82 204 with the intention that those employees transferred the funds to the Georgian Dream. Cartu Bank employees however refused to take part in the scheme and these donations were not made.

In an interview with Rustavi 2 TV on March 5, 2012, the above employees declared that they returned the transferred bonuses to the bank without donating them to the Georgian Dream⁴⁴. The fine imposed against Cartu Bank was therefore illegally imposed by the State Audit Office.

³⁸ <http://control.ge/news/id/494>

³⁹ http://transparency.ge/sites/default/files/attachment/%5BUntitled%5D_04092012140934.pdf

⁴⁰ <http://transparency.ge/blog/> Sheep and 20 liters of wine to the Rustavi voters

⁴¹ <http://control.ge/news/id/481>

⁴² http://transparency.ge/blog/Political_presents

⁴³ <http://control.ge/news/id/426>

3.1.6. Selective approach to renting office space

Another serious problem is related to renting office space by political parties. On May 14, 2012, the State Audit Office classified Management Service Ltd as an offender for making illegal donations in favor of political parties⁴⁵.

Management Service rented offices from private owners, repaired them in partnership with Burji company, equipped them with furniture and other necessary objects, after which subleased them to Georgian Dream Coalition member different political parties.

According to the State Audit Office report, renting, repairing and furnishing the space cost the organization more than was the income it received from renting the space out to political parties. Subsequently, its activities were not profit oriented.

To calculate the costs incurred by the company the State Audit Office summarized its leased office space and multiplied the sum by GEL 150 - estimated cost for repair works per 1 sq/m based on the information provided by the Samkharauli National Bureau of forensics.

The sum received as a result of the above calculation was deemed as a donation rendered by the Management Service to political parties and the company was fined in tenfold amount - GEL 476 619,51.

Management Service did not agree with the decision and argued that it was engaged in commercial activities and its cooperation with political parties was aimed at profit. The business of the company was supposed to make a profit of 400 000 Gel over 11 months.

Management Service did not agree with the State Audit Office's calculation and argued that the real cost incurred by it was much less than that estimated by the State Audit Office, since the state Department considered the total area of the rented offices as renovated, while the area is only partially repaired.

In addition, it is unclear on what basis was the value of GEL 150 per 1 sq/m area of repair work calculated while neither the State Audit Office nor the expert have seen and conducted assessment of the works carried out in the offices.

On May 28, 2012, the State Auditor's Office's decision was challenged by the "Management Service" in court.⁴⁶ Judge Gvritishvili completed the hearing of the case in one day and made the decision. One could derive the impression that the judge was in a hurry and had set a goal to conclude the trial in one day. It should be taken into consideration that the plaintiff's repeated solicitation to postpone the trial was not granted. Due to such speedy trials, it is hard to say how grounded the fining of Management service was.

Unlike this case, the State Audit Office has not displayed interest in the issues related to the offices of the United National Movement that had been discussed in the media as well. According to the

⁴⁴ http://rustavi2.com/news/news_textg.php?id_news=44816&pg=1&im=main&ct=1&wth=0;
<http://www.youtube.com/watch?v=jBVBaMFPMZk;>

⁴⁵ <http://www.control.ge/news/id/522>

⁴⁶ For detailed information on this trial cf.: <http://transparency.ge/blog/ra-khdeboda-%E2%80%9Emenejment-servis%E2%80%9D-sasamartlos->

information disseminated by one media outlet, the UNM Office repair work in Gori was performed by the Gori local self-government⁴⁷.

In particular, according to the 2012 Gori municipal budget, a total of GEL 75 000 (seventy-five thousand) were spent on the reconstruction of state buildings located in Stalin Ave. #31 and Stalin Ave. #26 in Gori. The building was a Chess Palace, which today is closed down. According to the representatives of the ruling party, the United National Movement has rented the office from the local authority. Similar incidents have been reported from Kharagauli, but so far we were unable to obtain more information.

Unlike the case with the Management Service, the State Audit Office has not expressed interest in these cases, which makes us once again call its impartiality into question.

3.1.7. Unequal interest in the activities of political parties

The State Audit Office was again inconsistent in monitoring the activities of political parties. In March, 2012, the State Audit Office numbers and numbers of Georgian Dream coalition activists and persons having any contact with the coalition to obtain explanation. During this time, several hundreds of people had been interrogated across the country. As the non-governmental organizations involved in the monitoring of this process had noted, there were many kinds of procedural violations by the State Audit Office, which have seriously undermined human rights⁴⁸.

In contrast, the State Audit Office was not taking interest in the ruling party's actions. For months, Transparency International - Georgia and other non-governmental organizations had been requesting the State Audit Office to monitor the activities of the ruling party, which was actively involved in the election campaign. We were especially interested in the closed meetings of the United National Movement leaders with different groups in society, something that was not in compliance with the principles of openness and transparency of political parties⁴⁹. The State Audit Office has never expressed serious interest in these issues.

3.1.8. Illegally seized property

One of the interesting topics is related to sequestering satellite dishes. On June 21, 2012, at the request of the State Audit Office, Chamber of Criminal Cases of Tbilisi City Court seized the Global Contact Consulting LTD technical means of broadcasting.⁵⁰

The court ruled that "there are reasonable grounds to suppose that the technical means of broadcasting of Global Contact Consulting LTD constitute a property, which targets crime, such as bribing voters, due to which the above technical means should be seized".

On May 11, 2012, technical tools of the TV Company "Maestro" were seized. Again, the reasoning was the same as in case of "Global Contact Consulting".

⁴⁷ <http://qartli.ge/web/5976>

⁴⁸ <http://goo.gl/SR3WW>

⁴⁹ Venice Commission (European Commission for Democracy through Law - Venice Commission). The code of best practices in the field of political parties. Adopted by the Commission at the 77th plenary session (Venice, December 12-13, 2008). Paragraph 19. Also, the Venice Commission explanatory note (adopted at the 78th session, Venice, March 13-14, 2009) highlights that sharing ideas, views and experiences with the electorate must be important for political associations in order to better perceive and respond to voters' expectations, thus implementing a representative mandate.

⁵⁰ <http://news.ge/ge/news/story/19751-sasamartlom-global-tv-is-teqnikuri-sashualebebi-daayadagha>

In both cases, the court grounded its decision on Article 151 of the Code of Criminal Procedure of Georgia (CCP), however, it did not indicate specifically which part it was based on. The Court of Appeal in its turn concluded that, in that case, paragraph 3 of article 151 of the CCP was the legal grounds for the seizure.

Under paragraph 3 of article 151 of the CCP, the court may seize property if there is enough data that this is a corrupt property. Therefore, in order for the seized technical tools to be considered corrupt property they should be already used for the commission of a corrupt offence or should be obtained through corruption.

Even if we admit that to bribe voters is a corrupt crime, the given norm in this case does not provide grounds for seizure. The Tbilisi City Court verdict itself writes that the property of the TV Company "Maestro" and "Global Contact Consulting" has not been used for the commission of an offense yet, but that there is a reasonable suspicion that they are intended for the commission of a crime.

Only Part 2 of article 151 of the CCP allows for the possibility of seizing property at the crime preparation stage or for crime prevention. However, it can be applied only to the most severe offenses⁵¹ and the offenses mentioned in Articles 323, 330, and 331¹ of the Criminal Code (CC). Voter bribery (article 164¹ of the Criminal Code -) is a less serious crime.⁵² Accordingly, this provision would not be legal basis for the seizure either.

If the legislator wanted to allow for the opportunity of imposing a ban at the crime preparation stage or to prevent future crime such as vote buying, then paragraph 2 of article 151 of the CCP which sets basis for imposing a ban at the crime preparation stage and future crime prevention would not be limited to only the most serious crimes and the crimes under articles 323, 330, and 331¹ of the Criminal Code, but would contain a reference on vote buying. Therefore, the above facts of seizure were inconsistent with the law and these facts constitute the instances of using legal resources for political reasons.

3.2. Unlawful actions by other state institutions

In addition to the biased actions of the State Audit Office and the court, there were several instances when the state institutions and authorities were used for causing damage to political opponents.

3.2.1. Cartu Bank collection car seizure and audit by the National Bank

On October 18, 2011, the Law Enforcement authorities arrested a Cartu Bank collection van, which was carrying money. On the same day, it was reported on television that Cartu bank employees were arrested, under suspicion of laundering large amounts of money⁵³.

Ultimately the Cartu bank employees were released, and the money was returned to the bank two months later. No details of this investigation or the grounds for suspicion of money laundering was have been made public by the Prosecutor's Office.

On the day after these arrests, the National Bank of Georgia announced they would commence an audit of Cartu Bank, citing the money laundering charges as grounds for suspicion of wider illegal activity. While originally scheduled to last for two months, the auditing investigation ultimately lasted for nine months through a variety of different decrees issued by the National Bank.

⁵¹ Most severe offence constitutes a crime category which determines a minimum term of imprisonment of more than ten years.

⁵² For bribing voters, the maximum penalty is three years, which ranks the offense as less serious.

⁵³ <http://www.youtube.com/watch?v=fLPbIdeiCbk>

Ultimately neither the National Bank nor the Prosecutor's Office released any information noting a finding of any violation by Cartu Bank as a result of their audit and investigation. Cartu Bank released a separate statement that instead of conducting a money laundering investigation the auditors and investigators have been monitoring the banks' daily transactions.

The arrest, seizure and the commencement of the audit and investigation all occurred shortly Bidzina Ivanishvili announced he would compete in the Georgian elections. These events strongly suggest that the ruling party is misusing the regulatory resources at its disposal for its own political purposes.

3.2.2. Illegal actions against Cartu Bank by the Interim Government-installed Executive

On June 11, 2012, the court ruled that Bidzina Ivanishvili had made illegal donations in favor of the Georgian Dream - Democratic Georgia party, and he was fined a total of GEL 148 650 131. The Court of Appeal later reduced the fine to half its amount - GEL 74 325 065.⁵⁴

Ivanishvili initially refused to pay the fines. The National Bureau of Enforcement started enforcement proceedings in order to seize his 21.7% shareholding in Progress Bank as well as 100 % of his Cartu Bank shareholding.

The National Bank appointed an Interim Manager – Vladimir Ugulava – at Cartu Bank for a period of two weeks until 26 July 2012, when Ivanishvili paid the imposed penalty payment.

According to a statement released by Cartu Bank, when the bank's former manager regained its position at the bank he found that Vladimir Ugulava had made \$50 million worth of loan agreements with four development companies on July 24, two days before he left his position. According to the agreements, the bank was contractually-bound to issue the loans within the five days.

According to Cartu bank, these loans had been approved without the approval or review of the risk management and loan department, in violation of the bank's own loan issuance procedures. Nodar Javakhishvili, the president of Cartu Bank, said that the contracts were explicitly harmful for the bank because the bank lacked the available liquidity to issue the loans and yet if it failed to issue loans within the time stipulated in the agreements, it would also be penalized and again come under the management of an Interim Administration.

According to Georgian legislation the interim administrator must manage the bank's affairs honestly and diligently. This unequivocally rules out the use of an administrators' authority against the legitimate interests of the business and is punishable by article 220 of the Criminal Code of Georgia -. This case also shows that the State has used its power in detriment of the ruling political party competitor.

II. Pressure on political grounds

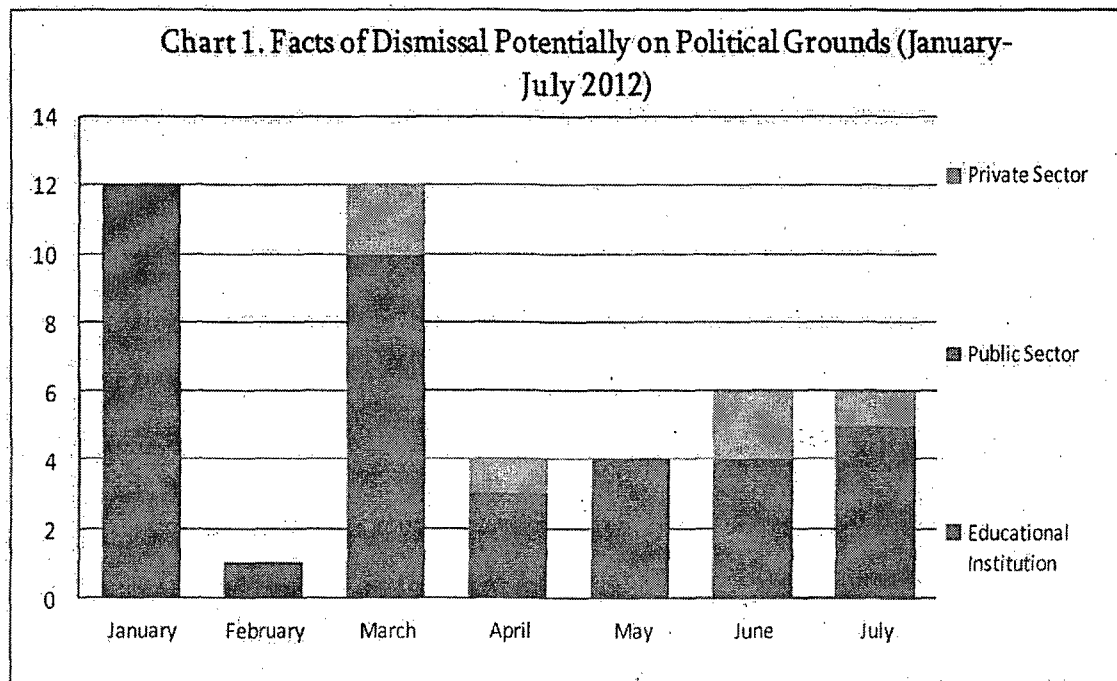
Exerting pressure on citizens and voters for political reasons is among the most serious of pre-election issues, and the majority of such offences are punishable by the Criminal Code. Here we have grouped the use of pressure for political purposes into the following categories: 1) dismissal; 2) intimidation; 3) physical reprisals; 4) arrest; 5) hindering of party activities, and 6) pressure on businesses.

⁵⁴ <http://transparency.ge/blog/ris-gamo-dajarimda-bidzina-ivanishvili>

I. Dismissal

A total of 45 alleged political dismissals were identified in the period from October 2012 to August 2011. The following factors suggest that in these cases the dismissals may have been politically motivated: a) often dismissals were preceded by political activity by the "victim" in support of opposition parties; b) many of the dismissed officials had not committed serious misconduct in the past, enjoyed a strong professional reputation, and had not received any kind of warning or reprimand; c) these people were frequently not provided with a reason for their dismissal.

Cases of dismissal on political grounds were especially prominent in schools and educational institutions, while several instances were also identified in other public agencies and the private sector (see chart 1).



1.1. Employees of educational institutions

The removal of teachers and other employees of educational institutions was the most commonly observed example of politically motivated dismissal during the reporting period.

The most notable case occurred on 11-13 February 2012, in **Sachkhere**, when over 10 teachers and school directors were dismissed in several villages in the district. This took place during a period when signatories to a petition to restore the citizenship to Bidzina Ivanishvili were increasingly being targeted, suggesting the dismissals were politically motivated. In particular:

Levan Jikuridze (a Skhvituri public school teacher). He had worked as a teacher in that school since 15 September 2011 and his contract was due to expire on 15 September, 2012. Jikuridze was dismissed on

13 January, 2012. His release from office was preceded by a verbal warning urging him to stop expressing his political views and to remove the "Georgian Dream" logo from the social network facebook, with which he did not comply. Jikuridze was also the author of the text of the request to restore citizenship to Bidzina Ivanishvili. The school principal's order⁵⁵ did not state the reason for the teacher's dismissal.

Mtvarisa Meladze - (a Sareki village public school teacher). She had been teaching at that school since 15 September, 2011 and the contract was due to expire on 1 September, 2012. On 11 January, 2012, she was informed by the school principal of her dismissal. The principal's order⁵⁶ does not mention the reason for her dismissal. Meladze said the principal explained that the decision was based on instructions from a higher authority. According to Meladze, she was fired from the job because of her political views and support for the opposition. On 12 January, Meladze's husband, **Murman Kapanadze**, who worked at the House of Culture, was also dismissed.

Nona Shukakidze - (a Tchorvila village public school teacher). She had been a teacher at that school since 15 September, 2011 and the contract was due to expire on 1 September, 2012. She was dismissed at the order of the school principal on 12 January, 2012. Again the principal's order did not specify the reason for the dismissal. In Shukakidze's words, she had been told that her dismissal was related to signing the request for the restoration of citizenship to Bidzina Ivanishvili, as well as her political activities. Reportedly, several other teachers from Tchorvila public school, namely, **Nona Tkemaladze**, **Levan Ivanashvili**, and **Temur Kapanadze**, have also been dismissed for their political views and activities.

Elguja Kavtaradze (Savane village school principal). In his words, he was fired because he accepted assistance provided by Bidzina Ivanishvili to the school staff. Political motivations may also have been the reason for the dismissal of **Giorgi Tchighladze**, another public school principal from Orghuli village.

These cases reveal a pattern of teachers being released from schools without the principals specifying the reason for the dismissal. As for the school principals, their dismissals resulted from the Inspector General's unscheduled audit report.

Another allegedly politically motivated dismissal of teachers took place at Samtredia school #3 on 7 March, 2012. Some of these teaching staff were Bidzina Ivanishvili's close relatives (**Nana Ivanishvili**, **Venera Ivanashvili**), while the others (**Lela Khurtsilava**, **Marina Nadiradze**) had a close relationship with the above. Shortly before their release, a new principal was appointed to the school, as the Inspector General's Office had identified several violations committed by the previous principal. However, the director himself said that he was released from service because he refused to fire the above-mentioned teachers. After their release, the teachers were told informally that the command "came from above".

Another high-profile case of a teacher dismissed on allegedly political grounds occurred at Gori public school # 9. On 20 January, **Ia Bzhalava**, whose husband **Tamaz Makashvili** is an active member of the movement "Independent Democrats", was dismissed from school. Bzhalava is a certified teacher and had worked in the education system since 1990. Her personal file does not record a single reprimand during that period. According to Bzhalava, attempts to remove her started after she joined the coalition "Alliance for Georgia" as an observer in the 2010 elections. Her husband was also a member of the same movement. According to her, she did not sign the falsified protocol, according to which the votes received by various political parties were recorded in favor of the ruling party. After that, the then principal of the school, Marina Makharashvili, was ordered to dismiss her. Bzhalava said that since

⁵⁵ <http://transparency.ge/levan-jikuradzis-brdzaneba.pdf>

⁵⁶ http://transparency.ge/sites/default/files/attachment/Mtavarisa_Meladze-Brdzaneba.pdf

Makharashvili did not do this the head of the school was replaced by a person who was willing to, in order to avoid any similar problems occurring during the parliamentary elections. The school principal **Elene Khachidze's** order⁵⁷ does not specify the reason for Bzhalava's dismissal. Ia Bzhalava appealed the order in the Court, but to no avail.

Dismissals of teachers on alleged political grounds also place in **Dedoplistkaro**, on 18 April, 2012. **Tamar Tamazashvili**, who is a close relative of a "Georgian Dream" leader Irakli Gharibashvili's, was fired from the art school. Tamazashvili said the school principal warned her not to go to a meeting held by Bidzina Ivanishvili's or she would have problems at work. But Tamazashvili did attend the meeting, after which she was required to write a letter of resignation, and two weeks later she was dismissed on the grounds of school reorganization. The school reorganization happened two months before the end of the school year, which further strengthens the suspicion that the case was politically motivated.

A district coach of the Dedoplistkaro Culture and Sports Centre, **Akaki Natroshvili**, who is also the "Georgian Dream" local office manager, was also asked to write a letter of resignation from work. Natroshvili said he was asked to resign from one of his positions. He wrote his resignation on his own initiative because he did not want to cause problems to his chief.

Cases of dismissals from educational institutions on alleged political grounds were particularly frequent during the winter and spring of 2012. From summer onwards such instances were significantly reduced for two possible reasons: a) educational institutions had already been "cleaned" of people who had openly stated their support for the opposition, which had in turn brought about a situation where other employees felt intimidated; b) the recommendation of the Security Council Interagency Commission for Free and Fair Elections adopted on 31 May⁵⁸ had a positive influence. This recommendation called on public institutions to refrain from releasing people from the service on the grounds of the staff reorganization.

An incomplete list of alleged political dismissals of the employees of educational institutions is given in **Table 1**

1.2. Other public institutions employees

Aside from educational institutions, many cases of alleged politically motivated dismissals have been identified in other public institutions. In particular:

On 17 January, 2012, Dusheti Municipality local administration's Labour, Health and Social Service chief specialist **Reziko Otarashvili** was fired. The governor's order on Otarashvili's dismissal gives no reason for the dismissal. As we found out, Otarashvili had received no prior notice. He said Dusheti governor Lasha Janashvili called him to his office on 11 January and told him that he was being released because Otarashvili's grandmother, Nanuli Natsvlishvili, rented office space to the "Georgian Dream". According to Natsvlishvili, "Georgian Dream" members did visit him and asked to rent the space, but in the end the deal did not take place because of a disagreement over the price.

From May to June 2012, the Georgian Judo Federation employee **Sopho Tsirekidze** and the Deputy Chief of Tianeti Police **Zurab Udzilauri** lost their jobs apparently for political reasons. Both dismissals are associated with the Olympic champion **Zurab Zviadauri** becoming member of the "Georgian Dream" political coalition on 14 May. Tsirekidze was told that the reason for his dismissal was his telephone conversations with Zviadauri. Regarding Udzilauri's case, he is Zviadauri's child's godfather. According to Udzilauri, that was why he was forced to write the letter of resignation.

⁵⁷ http://transparency.ge/sites/default/files/attachment/Ia_Bjalava-Gaprtkhileba.pdf

⁵⁸ <http://www.nsc.gov.ge/geo/news.php?id=6176>

A list of alleged political dismissals of public servants is given in Table 2.

1.3. Private sector employees

Similar incidents of politically motivated dismissal were identified in the private sector. As private companies are less directly affected by the influence of the state and the ruling party it is often more difficult to trace any political motivations behind a dismissal. However, a large section of Georgian business is closely linked to the authorities, and companies often make donations in favor of the ruling party.⁵⁹ There are therefore several cases of dismissals where it is possible to identify political reasons as the primary factor. The following instances merit attention in this respect:

On 1 April 2012, **Zurab Tergiashvili**, who worked as a "Geohospitali" Ltd ambulance driver in Gurjaani, was dismissed from work. Tergiashvili said that he had worked as a driver for seven years and never had any reprimands. A few weeks before his release, Tergiashvili started to actively cooperate with the "Georgian Dream" coalition and distributed a variety of their campaign materials, and had even been summoned for questioning by the State Audit Office. He stated that out of eight drivers he was the only one fired. According to the Service manager, the decision was taken by the "Geohospitali" head office.

"Clean Line" Deputy Director **Lasha Gogia** suspected that he was dismissed from the company because he attended the "Georgian Dream" demonstration on 27 May, 2012, and because he was so "active" on social networks. Gogia said he was not told the reason for his dismissal, but it coincided with his presence at the demonstration and his "political" activity on facebook.

A list of alleged political dismissals of private sector employees is given in Table 3.

2. Intimidation

Over the reporting period, many cases of alleged intimidation of people with divergent political views were identified. Instances of harassment and giving so-called "friendly" advice to certain people in order to stop their political activities have been reported. As with dismissals, these acts were also usually preceded by the "victim" expressing a different opinion from, or performing an action that was detrimental to, the ruling party.

From November 2012 until August 1, 2011 a significant number of cases of harassment for political reasons have been identified. The following cases are worthy of note:

On April 5, 2012 an Akhmeta resident **Gulchina Tsikoridze** was verbally abused and threatened because she was reading and distributing the "Georgian Dream" coalition newspaper. Tsikoridze said that the Akhmeta District Educational Resource Center accountant Niko Rusishvili came to her and told her that he would tear up the paper and throw it at her. He also used intimidating language while referring to Bidzina Ivanishvili and the newspaper suppliers. After Tsikoridze gave an interview to "Kakheti Information Center" regarding the above fact⁶⁰, pressure was again used against her. According to her, she was walking in the street on April 8, when the Akhmeta District Service Centre manager of "Kakheti Energy Distribution", Vazha Marukashvili, attempted to hit her with his car, and on 17 April, unidentified persons raided Tsikoridze's home.

⁵⁹ For more information, see "The finances of political parties in 2011" on the Transparency International – Georgia website <http://transparency.ge/post/report/politikuri-partiebis-pinansebi-2011>

⁶⁰ <http://ick.ge/ka/rubrics/society/10451-----video.html>

In April 2012, several other cases of politically motivated intimidation have occurred in Akhmeta. After a survey on the restoration of citizenship to Bidzina Ivanishvili was conducted at the "Kakheti Information Center" on 5 April ⁶¹, law-enforcement officers threatened some respondents and told them to keep quiet. Several respondents, including **Givi Davitashvili**, confirmed the cases of harassment.

Over the reporting period many instances of "Georgian Dream" coalition activists being threatened were identified.

On the night of 19 June, 2012, three masked persons broke into "Georgian Dream" supporter **Besik Kuchukhidze's** house in Ordzhonikidze village of Marneuli district and demanded that he leave the coalition, threatening him with further harassment if he did not.

On 4 June 2012, unidentified people forced Georgian judo champion and "Georgian Dream" member **Ambako Avaliani** into a car. Avaliani said that he was taken to an office where he was threatened by the Minister of Sport and Youth Affairs **Vladimer Vardzelashvili** and the Shooting Sports Federation President **Gia Udesiani**. Avaliani was forced into leaving the coalition. Gia Udesiani is also accused of exerting pressure on another judo player and "Georgian Dream" supporter **Betkvil Shukvani**.

Other instances of intimidations on alleged political grounds are listed in **Table 4**.

3. Physical reprisals

People have not only been harassed for their political views and activities. They have often become victims of physical reprisals as well. 5 such cases have been identified over the reporting period.

One of the most notable cases occurred in Sachkhere on 4 January, 2012. Around 15 persons were beaten up, allegedly by Kutaisi law enforcement officers, for openly supporting Bidzina Ivanishvili and chanting his name at the New Year's concert. The majority of the victims were afraid to make comments openly. However, **Avto Macharashvili** and **Zviad Bredvadze** confirmed the fact that beatings did occur.⁶² According to Macharashvili and others, they were forcibly separated from the crowd and taken to a quiet area, where they were forced to curse Bidzina Ivanishvili while being severely beaten.

On June 27, 2012 a "Georgian Dream" coalition member **Joseph Elkanashvili** was driven out of his house, taken to the river and beaten up by five individuals dressed in police uniforms. They demanded that he leave the coalition, and threatened him with arrest if he disclosed the fact. This was the period when the "Georgian Dream" was conducting an alternative "Door to Door" campaign.

Other instances of physical reprisal are given in **Table 5**.

4. Detention/arrest

In addition to intimidations and physical reprisals, many cases were recorded of the detention and arrest of opposition political party members, supporters and relatives during the reporting period.

On 19 April 2012, the Criminal Police arrested **Lasha Gogoreliani**, the brother of actor Levan Gogoreliani, for unspecified reasons. Two weeks prior to his arrest Levan, with several friends, left the

⁶¹ http://www.youtube.com/watch?v=Weejnko4Fwc&feature=player_embedded#!

⁶² http://www.youtube.com/watch?feature=player_embedded&v=NNvBxKW3YI8#!

TV company "Rustavi 2" and moved to work at Bera Ivanishvili's studio. This leads us to suspect that his brother's arrest may have been politically motivated.

On 25 March 2012, **Sergo Chachibaia**, a member of the "Free Democrats" Zugdidi organization, was arrested. A young boy approached him in the car care centre, insulted him and made to attack him with his fists raised. At that moment a police car appeared and Chachibaia was taken to Zugdidi Police Department. He was charged with showing resistance after getting into the police car, and damaging the car with a sharp weapon (no one was injured). According to Chachibaia's family and friends, he has a record of previous convictions, which the family links to his political activity. It should be noted that Chachibaia had for many years been a senior official in the Ministry of Interior. This fact, his family and friends argue, makes his use of an edged weapon in a police car unlikely. Of further note is the fact that prior to his arrest Chachibaia released a statement saying that his arrest was planned.⁶³

On 27 March, 2012, one of the "Defend Georgia" party leaders **Kakha Mikaia** was arrested in Zugdidi on the charge of petty hooliganism; he was voicing protest against the arrest of Sergo Chachibaia. Footage shows that Mikaia, together with others, was making a speech in front of the Court when he was detained by police. The footage does not show any acts of hooliganism and, consequently, the reason for Mikaia's arrest remains unclear.

Other instances of alleged political detentions and arrests are given in **Table 6**.

5. Obstructing party activities

The use of verbal and physical pressure to prevent political parties holding meetings with voters or carrying out other campaign activities was a common violation. Transparency International – Georgia had reported this tendency at an earlier date.⁶⁴

Problems related to the meetings of "Georgian Dream" coalition members with voters in the regions were the most persistent. In the majority of cases, local government officials tried to break up the coalition meetings through the use of physical force and provocations, which often resulted in physical confrontation. June and July 2012 were the worst months in this regard. The climax was reached on July 12, during a confrontation in Karaleti village in the Gori district, which resulted in more than a dozen people, including representatives of the media, being hospitalized.

Although the Election Code requires local officials to ensure the safety of the political parties during the election campaign, in many cases government officials themselves were found to be starting and escalating conflicts. Information pertaining to the June and July cases and information about local government representatives participating in them is given in **Table 7**.

6. Pressure on businesses

Subjecting party members and supporters to political pressure was often accompanied by disruption of their businesses. The most worrisome cases of the use of political pressure against businesses ("Cartu Bank", "Service Management" and "Maesto") have been discussed in the first chapter of this report. Other cases to note are the following:

⁶³<http://www.iveroni.com.ge/politika/5447-sergo-chachibaia-dakavebamde-ramdenime-thvith-adre-specialuri-videomimartha-chatsera.html?lang=ka-GE>

⁶⁴ <http://transparency.ge/blog/rogor-ereva-adgilobrivi-khelisupleba-partiebis-kampaniashi>

In March 2012, after Bidzina Ivanishvili's brother's cable company "Global TV" included "Channel 9" in its package, five television stations: "Rustavi 2", "Imedi", "Sakartvelo", "Mze", "Akhali Arkhi" requested Global TV" to remove them from the package, which could cause serious damages to the income of the company. The decision of the five TV companies was, apparently, politically motivated and aimed at rendering "Global TV" insolvent. Otherwise, it is hard to explain why all five channels would wish to suddenly and simultaneously reduce their broadcasting range and audience. This suspicion is also based on the fact that the owners of these channels are known to be closely related to the ruling authorities.⁶⁵

In February 2012, only one school in Rustavi (a private school "Millennium") failed to pass authorization. This school belongs to **Elza Lekveishvili**, the wife of the director of Bidzina Ivanishvili's Construction Company "ATU". She told us that, as a result of the monitoring conducted by the National Center for Educational Quality Enhancement, 11 schools in Rustavi had problems related to authorization, but in the end only her school "Millennium" failed to pass.

In March 2012, Nadzaladevi police officers demanded **Medea Gvelesiani** in Tbilisi to discontinue a contract renting office space to "Free Democrats". Gvelesiani was accosted by a local police inspector Pipia, who led her to the leadership of the district police Department. Inside the Department they demanded that Gvelesiani terminate the contract, and promised to provide her with work in return.

Other cases of political pressure on businesses are listed in **Table 8**.

III. The use of the country's institutional resources for political and electoral purposes

The use of institutional resources for political purposes in the pre-election period is another variety of the misuse of administrative resources. This includes the use of office equipment, vehicles, facilities, junior civil servants, and other state funded material or human resources belonging to governmental agencies to organize or support party events.

Over the reporting period, institutional resources have quite often been used for political purposes. We have grouped such cases into the following categories: 1) Illegal party instructions given to civil servants; 2) Actions detrimental to the secrecy of the vote in elections; 3) Social advertisements in the service of the ruling party.

1. Public servants' party assignments

Current legislation imposes a special pre-election regime on public officials. The Election Code is the key regulatory normative document in this regard. Article 48 of the Election Code prohibits the use of administrative resources in the period preceding elections, while under article 49 it is prohibited to use state funds and official positions in the pre-election period, which also includes a pre-election ban on propaganda while performing official functions and duties, as well as involvement of subordinate or otherwise dependent persons in the campaign in support of any election subject. Nevertheless, there remains a problem: the above regulations of the Election Code are in effect only after the date of the calling of the election, i.e., they became effective only on 1 August.

However, there is no time limit set on the law "On Public Service", article 61, which states that: "Public servants are not allowed to use their official position for party activities". In addition, the OSCE 1990 Copenhagen Document clearly states that the ruling party should not be confused with the state, and

⁶⁵ For more information, cf. the survey "Georgian advertising sector suffers from a lack of competition and independence." 2012, on Transparency International - Georgia website <http://transparency.ge/advertising>

that the authorities have a responsibility to ensure a clear separation of the state from political parties.⁶⁶

Violations of the above regulations on the part of public officials occurred with some frequency during the reporting period.

1.1. Collecting lists of the ruling party supporters

On 24 May 2012, the TV Company "Channel 9" reported⁶⁷ that the Acting Governor of Ozurgeti **Ilya Vashakmadze** gave his employees an assignment to draw up lists of the "United National Movement" supporters.⁶⁸

In a secret tape footage released by the company, Vashakmadze addresses the employees, saying: "you approach the most reliable people: family members, most trusted friends, relatives, godchildren, whoever you want to. It is not necessary to get 20 or 50 people, but get 10 people at least onto the list, or as many as you can." Vashakmadze also warns his staff that the meeting is extremely confidential and its official goal is supposedly "discussion, say, of the current projects in the city".

In this particular case, we have both a violation of the above norms and also signs of a criminal offense. In particular, under article 332 of the Georgian Criminal Code, abuse of a government position by a public official is a punishable offence. This includes abuse of power by a public servant against the public interest or to benefit himself or anyone else. In this case, the Acting Governor of Ozurgeti was asking his subordinate staff to obtain votes for the party, and doing this using the authority of his position as governor, against the will of the subordinate staff, and exceeding the rights and duties prescribed by the law "On Public Service".

Regarding this fact, Transparency International – Georgia has addressed the Security Council Inter-agency Committee, who responded by saying that at the specified time the Acting Governor was in the "United National Movement" office and was not performing official functions. The wording that Mr. Vashakmadze uses (for instance when he talks about the confidentiality of the meetings, or instructs his staff to officially state that they were only discussing infrastructure related projects), however, suggests that he is engaged in party propaganda while performing his official duties.

Similar violations of the same norms have been identified based on information provided by several employees from different Ministries and public institutions (the Ministry of Finance, the Ministry of Culture and Monuments Protection, and the Rustavi Revenue Service). According to this information, the officials instructed them to draw up the lists of the ruling party supporters, and in case of non-compliance with the order, threatened them with professional difficulties. One of the employees of the Ministry of Finance told us that a meeting was held where it was demanded from him that he deliver a list of 5 supporters of the "United National Movement", otherwise he would face problems. The same person stated that such incidents were taking place across the entire Ministry and in all its sub-units. This fact was further confirmed by another source. After the delivery of the list, public servants received calls from the "United National Movement" and were summoned to the party offices. Moreover, public servants were informed that the people in the lists would be contacted by the "United National Movement" representatives who would verify whether they really were party supporters.

1.2. Collecting personal information

⁶⁶ <http://www.osce.org/odihr/elections/14304>

⁶⁷ <http://www.youtube.com/watch?v=fnaF-a-fnts&feature=share>

⁶⁸ The full version of the secret audio recordings can be found here <http://goo.gl/pOB7o>

During the reporting period, several cases were identified where personal information was collected by public servants for unknown purposes. Personal information, in this case, means an individual's identification number, telephone numbers, as well as their social, official or family status. However, in some cases, the range of information collected by public officials was much wider, creating serious doubts that this information was gathered for legitimate electoral purposes alone.

Collecting personal data without the permission of the person is prohibited under Georgian legislation if it is not necessary for public security, national defense, court proceedings or other matter of significant public interest. Moreover, such acts are punishable under part 1 of article 157 of the Criminal Code, which reads: "Illegally obtaining personal or family secrets, their storage or distribution shall be punishable by fine or forced labor for a term of up to one year or imprisonment for the same period of time".

An interesting case in this regard was identified in Lanchkhuti, where "Freedom of Choice" coalition members stated that they gained a computer memory chip belonging to a Lanchkhuti police officer, **Shmagi Uratadze**, which shows that the police were collecting people's personal data (personal identification numbers and telephone numbers).⁶⁹ Especially alarming is the fact that the information gathered by the police has the data grouped as: people who own satellite dishes, the local leader of the opposition who "supervises the supply of antennas", and "the people employed in the company" of Bidzina Ivanishvili.

The nature of information collected (political view, satellite antenna ownership, service information, etc.) and its extent (all the village residents) suggest that the information could not have a legitimate purpose, and gives rise to serious suspicion that the officer's behavior was politically motivated, in violation of the Administrative Code,⁷⁰ and is punishable under the Criminal Code: article 157 (illegally obtaining personal secrets, their storage or disclosure) and article 332 (abuse of official power).

The same norms were violated in a case observed in Mestia, where in April 2012 the head of the Ipari village dispensary was collecting identification numbers from the rural population, while claiming that he was acting on behalf of the Minister Zurab Tchiaberashvili.

In addition to the illegality of these cases, they are also notable for their potential negative psychological impact on the population in the pre-election period. Such behavior causes legitimate public distrust in the electoral process, and represents a significant impediment to a healthy electoral environment.

1.3. Mobilizing public officials for political purpose

Alongside other assignments, public officials were also asked to participate in public meetings held by high-ranking officials of the government and the ruling party. Up to 40 new hospitals were opened by the president himself, as part of the "100 Top Hospitals" program, between December 2011 and May 2012. The president met with people after every opening of a new hospital, and every time public service employees were actively mobilized using state funds in order to participate in the meetings. In particular:

On 27 February 2012, the President of Georgia Mikheil Saakashvili, visited the hospital in Kvareli.⁷¹ More than a thousand people were brought from various villages of the district in mini-buses to meet

⁶⁹ http://cffcgeo.blogspot.com/2012/07/blog-post_30.html

⁷⁰ General Administrative Code of Georgia, the laws On Public Service and On Personal Data

⁷¹ <http://ick.ge/ka/rubrics/politics/9960----video.html>

with the President. Talking with journalists, people confirmed that they were public servants and their travel expenses were paid by regional administrative authorities.

The President's public meeting in Akhmeta in March 2012 was also extensive and was related to the opening of a new hospital.⁷² Because of the President's visit, the district public schools canceled their last classes, and the learning process was disrupted in the city schools after 12:00 pm. It was even reported that pupils from nearby villages were brought in inside vehicle trunks⁷³. Extensive administrative resources were mobilized to bring as many people as possible to the territory adjacent to the newly opened medical center.

On May 22, 2012, citizens were mobilized in Poti by the youth wing of the "United National Movement" and the City Hall to attend the president's speech in Anaklia⁷⁴. Again, all City Hall resources were deployed to support this effort. Furthermore, many of the people mobilized were state institution employees.

As these examples demonstrate, a considerable amount of material and non-material administrative resources were spent on organizing public meetings for the opening of new hospitals by the President: public servants, educational and other state employees and students were all mobilized to attend meetings held during working hours. The organizations who arranged the audience for the above meetings have one thing in common - they are financed from the state budget and, therefore, are part of the governmental system. This factor raises a logical question whether those people were forced to attend the meetings and, if so, this constitutes an abuse of official power.

Moreover, such meetings encouraged certain misperceptions among ordinary citizens. For example, it is known that the above medical institutions were built through private investments and belong to insurance and pharmaceutical companies. However, the survey conducted by Transparency International - Georgia reveals that 82.6% of the 250 people surveyed believed that the hospitals were built by the state⁷⁵.

1.4. Politicized diplomatic service

Issuing orders on illegal party assignments was taking place even in such specialized structures of the Public Service as the diplomatic service. We have obtained information that, during 2012, the Georgian embassy in the United States of America sent e-mails laden with politicized content to interested parties, including influential American experts and scholars, in an attempt to discredit Bidzina Ivanishvili and the "Georgian Dream" political coalition.

Two prominent American researchers informed us about the political contents of the messages being sent. One of them relayed to Transparency International - Georgia e-mails received from Khatuna Okroshidze, the second secretary of the Georgian Embassy to the United States.⁷⁶ In her first email⁷⁷ Okroshidze sent a translation of an article from the newspaper "Asaval - Dasavali", in which John Bass, former US ambassador to Georgia, was mentioned in a derogatory context. She also wrote that "Asaval - Dasavali" was Bidzina Ivanishvili's favorite newspaper, while highlighting its xenophobic articles.

⁷² <http://ick.ge/ka/photogalleries/10034-photo-video.html>

⁷³ <http://ick.ge/ka/photogalleries/10036-2012-03-05-17-37-49.html>

⁷⁴ <http://tspress.ge/ka/site/articles/11956/>

⁷⁵ <http://transparency.ge/post/press-release/hospitaluri-seqtoris-kvleva>

⁷⁶ http://usa.mfa.gov.ge/index.php?lang_id=GEO&sec_id=138

⁷⁷ <http://goo.gl/MdVyF>

Okroshidze's second letter⁷⁸, sent to an American expert, contains various Georgian newspaper clippings in which the positions of the "Industry will save Georgia" political party representatives were noted. The Embassy employee also highlighted that the given opposition party has become a member of the "Georgian Dream" coalition, has an express anti-western position, is against Georgia entering NATO, and wants to create an autarkic economy in Georgia, similar to Belarus, whose major partner will be Russia. Another American researcher also wrote to us that he had received similar emails from the Georgian Embassy.

It is obvious that such actions were instances of the use of public resources in favor of the ruling political party. Using the Foreign Service to serve the lobbying purposes of one party is impermissible; such steps totally contradict the practice of democratic countries, and are a gross violation of Georgian legislation. Under Article 15 of the Georgian Law on Diplomatic Service, "a person shall cease any kind of political activity from the time of his/her appointment to a diplomatic position. During his/her employment in the Diplomatic Service a diplomatic agent shall remain politically neutral, and shall have no right to carry out activities / propaganda in favor of or against any political party, organization, union." Such actions by the diplomatic service would cause a huge scandal in any civilized country and cast doubts on its reputation.

Responding to this fact, the Georgian Foreign Ministry said: "the e-mails did not include political bias."⁷⁹ The focus was on facts that reflect the positions of the various Georgian political parties on important foreign policy issues." The Foreign Ministry also said: "The e-mails were aimed at supplying experts and researchers with factual information" and "in none of the above cases have the Georgian diplomats sent their own political assessments to foreign colleagues".

It is difficult to consider Okroshidze's e-mails as "factual information". In one of her e-mails, she refers to a Georgian newspaper as "known for its xenophobic content", and "Ivanishvili's favorite newspaper". These words reveal the Embassy employee's subjective opinion and political assessment. The second e-mail contains a similar judgment.

2. Actions against the secrecy of the vote in elections

The principle of the secrecy of the vote is the most important prerequisite for the realization of voting rights. It is backed and guaranteed by the Constitution of Georgia, international agreements and the Election Code. Under Subparagraph "d" of Article 3 of the Election Code, elections, referendum and plebiscites in Georgia shall be held by secret ballot. Any action restricting free will of the voter, or controlling the expression of the voter's free will is prohibited.⁸⁰ These regulations serve to protect the principle of vote secrecy, which is vital to ensuring voter confidence towards the electoral process.

In spite of this, ahead of every election false assumptions are spread, mostly by people employed in the public service, regarding the violation of the secrecy of the vote. Analysis of the sources of the information raise grounded suspicions that it is a deliberate campaign inspired by certain political interest groups. According to the most common assumptions the voting booths have surveillance cameras, or that people are given orders to circle the number in the Bulletin in different ways, or using different colored pen, in order to identify their choice. Transparency International - Georgia has often received information on these facts from its own sources, while various news outlets have also documented it. "...people are called to the local administration. Public servants are told that every citizen's Bulletin will be identified, that booths have hidden cameras, and they are warned that after entering the booth and circling the bulletin, they must take a photograph of the circled number "Five".

⁷⁸ <http://goo.gl/0XwoY>

⁷⁹ http://www.mfa.gov.ge/index.php?lang_id=GEO&sec_id=59&info_id=15425

⁸⁰ The Election Code of Georgia. Subparagraphs "d.a" and "d.b" of Article 3

They are also told that they will be given different color pens to mark bulletins", - said majority candidate Viktor Japaridze⁸¹. A former coordinator of the "United National Movement", Rusudan Tsiklauri, asserted the same⁸².

Sources have also informed Transparency International - Georgia about demands by ruling party activists that their supporters take photos of their marked ballot papers with the use of a particular camera, in order to avoid the transfer of a photo between them. Besides the fact that this is a violation of the constitutional principle of the secrecy of voting, the requirement of the Election Code, Article 58, paragraph 6, stipulating that "to ensure the secrecy of voting, photo and video recording inside the booths is prohibited", is also violated. This, on the one hand, is a violation of the right to the secrecy of voting by the person committing the offence, punishable under Article 164 of the Criminal code, while, on the other hand, with regard to the person requesting voters to take photos, this constitutes an attempt to commit a crime (violation of the secrecy of voting), punishable under Article 164, as well as provoking a crime (article 145 of the Criminal Code).

To avoid similar psychological pressure on voters, the Central Election Commission should take appropriate measures. Preferably, it should conduct an active media campaign to deepen confidence within the electorate that the secrecy of their vote will be guaranteed.

3. Social advertisements for the ruling party

During the reporting period, such administrative resources as social advertising were actively used for the ruling party's own electoral and political goals.

Social advertising is regulated by the law and it is the liability of all licensed media outlets to provide such advertising free of charge.⁸³ However, the law also strictly regulates the question as to what can be considered a social advertisement. In accordance with the first paragraph of Article 12 of the law "On Advertisement", a social advertisement is "an advertisement to promote the public good and charity related goals; it is neither commercial nor electoral, and does not include advertising of any legal entity of private law or a government institution, or their services".

Analyzing the social advertising data on the public broadcaster over the entire reporting period, we found that numerous video commercials did not meet the criteria of social advertising specified by the legislation. Moreover, content-wise, many of them were political advertisements serving the propaganda purposes of the ruling party. These cases represent the use of administrative resources for electoral purposes and constitute illegal donations on behalf of the government in favor of a particular political union.

Transparency International - Georgia studied a number of social ads on the public broadcaster during 2012 and commissioned by state authorities, many of which are clearly beyond the scope of the legal definition of social advertising. In particular:

- A pension increase campaign-related ad was very much like a political pre-election advertisement, with the president as the key character, giving promise to increase pensions by September 2012.⁸⁴ The date coincided with the period ahead of the parliamentary elections in Georgia.

⁸¹ <http://goo.gl/a8Yay>

⁸² <http://www.youtube.com/watch?v=H82oXBs405E>

⁸³ The law of Georgia "On Broadcasting". N780. 23.12.2004. bb0, 5, 18.01.2005. article 65.1.

⁸⁴ <http://www.youtube.com/watch?v=5iWw8bpHdyg>

- Educational reform-related advertising was also beyond the scope of social advertising, with a video commercial detailing the past achievements of the Georgian government and the services it had provided.⁸⁵ Content-wise it clearly resembled political advertisements, which are usually used in the pre-election period.
- "8 years of the Rose Revolution".⁸⁶ The political nature of this advertisement is even more dramatically evident, with the video outlining the government's post-revolution achievements and reforms, quoting the head of the North Atlantic Alliance. The video prominently features the president and other government officials.

A comprehensive list of political ads bearing the status of social advertising is given in Table 9.

Transparency International - Georgia twice emphasized the issue of politicized social advertising, but in the first instance⁸⁷ the relevant authorities made no attempts to eliminate the illicit practice, while in the second instance⁸⁸ the inter-agency committee recommended that the government and the public broadcaster stop running these so-called social ads in the pre-election period, which highlighted projects implemented by the government and could be perceived as an election advertisement.⁸⁹ However, this response should be considered overly sluggish, since by that time such advertisements had been extensively shown on Georgian channels for many months, bringing benefit to the ruling party. In this case, too, it was evident that administrative resources were being used in favor of the ruling party.

IV. Voter bribing

In addition to the use of state administrative resources, serious attention should be paid to issues such as vote-buying while monitoring pre-election processes. Vote-buying is a criminally liable action and its definition is provided in Article 164¹ of the Criminal Code, article 25² of the Georgian Law on Political Unions of Citizens, and Article 47 of the Election Code. Under the Criminal Code: "Direct or indirect offer, pledge, transfer or render of money, securities (including financial instruments), other property, property rights, services or any other advantage for election purposes, or acceptance of such through previous knowledge, or concluding illusory, hypocritical or other transactions for the purposes of avoiding restrictions prescribed by the law is punishable by imprisonment up to three years or a fine".⁹⁰

Violations of these laws may have a significant impact on the will of the voters, and therefore regulatory bodies and political parties should devote special attention to this issue. During the reporting period, several cases were identified with manifest signs of vote-buying.

1. Sheep and wine for Rustavi voters

⁸⁵ <http://www.youtube.com/watch?v=ltN2OrS9f9s>

⁸⁶ http://www.youtube.com/watch?v=Zm5za_c2Dbk

⁸⁷ <http://goo.gl/gbDlj>

⁸⁸ <http://transparency.ge/blog/sotsialuri-reklamebi-mmartveli-partiis-samsakhurshi>

⁸⁹ <http://www.nsc.gov.ge/geo/news.php?id=6197>

⁹⁰ Article 164¹ of the Criminal code of Georgia

In April of 2012, a member of the Rustavi City Council from the "United National Movement", **Tamaz Gvelukashvili**, sent sheep and wine to several Rustavi districts as Easter presents. Transparency International – Georgia interviewed Rustavi residents who confirmed this fact.⁹¹ They noted that, a few days before Easter, information about the number of residents in various building was collected in different districts. On Easter day, presents (specifically, sheep and 20 liters of wine) were delivered by car to the same districts. In some districts, presents were even distributed by Rustavi City Council and Kvemo Kartli Regional Administration employees. It was openly stated that the parcels had been sent by Gvelukashvili. "Yes, they brought sheep and wine to our district; Gvelukashvili did not appear in person, but those who brought the presents said that they were sent by Gvelukashvili", said a resident of the settlement adjacent to the Youth Park. Residents of Lomouri street stated that "this is an election present, they have brought us sheep and wine during previous elections, and now it is Gvelukashvili's Easter present", and that "The City Council staff brought them, but they said that Gvelukashvili had sent them."

The State Audit Office conducted an administrative investigation into the above case and found that it was not Gvelukashvili who had distributed the goods but the City Council Vice Chairperson **Kakha Baratashvili**, a member of the "United National Movement"⁹², at his own expense. The Audit Services found Baratashvili guilty of making an illegal party donation. However, Baratashvili holds an official political position and, naturally, has electoral and political aspirations. Consequently, this case should have been considered vote buying. A criminal offense was obvious, because there had been not only a promise, but also an actual transfer of gifts. The fact that the person committing the act was not an ordinary activist but a high-ranking official strongly suggests electoral motivations.

2. Festive feast for Tetrtskaro voters.

On 4 June 2012, the news agency "info 9" released a report⁹³ which shows Tetrtskaro district majoritarian MP **David Bezhuashvili** organizing a festive feast for residents of the Asureti village. This action could also have been construed as vote buying. One person interviewed for the report recalled that on the eve of the Asureti village holiday "Asuretoba" inviters went around informing the villagers that **David Bezhuashvili** was inviting them to the feast. The report pictured the preparations for the feast and the MP himself. Moreover, based on comments from various residents, the news agency reported that Mr. Bezhashvili widely organized "similar feasts in other villages as well". Transparency International – Georgia called upon the State Audit Office and the Prosecutor's Office to launch an investigation into the case.⁹⁴ On July 17, the State Audit Office replied that: "No facts suggesting the organizing of an event or the provision of material gifts for political purposes have been confirmed. The obtained information does not provide reasonable grounds to believe that a violation of the requirements of the Law on "Political Unions of Citizens" has occurred".⁹⁵

3. Pre-election feast for Kakhetian voters

Kakheti Information Center reported⁹⁶ that on 31 July 2012 the political party "Christian - Democratic Movement" invited voters to a feast at one of their events. Transparency International - Georgia concluded that such actions could be perceived as voter buying. According to the report, the party

⁹¹ [http://transparency.ge/blog/Sheep Sheep and 20 liters of wine for Rustavi voters](http://transparency.ge/blog/Sheep%20and%20liters%20of%20wine%20for%20Rustavi%20voters)

⁹² <http://sao.ge/?action=news&npid=232&lang=geo>

⁹³ <http://www.info9.ge/?l=G&m=1000&id=99>

⁹⁴ <http://goo.gl/8iKHL>

⁹⁵ <http://sao.ge/?action=news&npid=254&lang=geo>

⁹⁶ <http://ick.ge/ka/articles/11778-2012-07-31-19-49-23.html>

leaders claimed they had only organized the event, and that the costs of the feast (wine, meat, cucumbers, tomatoes, and bread) were covered by the voters. However, many people insisted that they had not paid anything. The video recording also revealed that the event was perceived by those who attended it as a "Christian - Democrats" funded event. The State Audit Office has started an inquiry into the case.

See other facts about the alleged vote buying in Table 10. The state authorities have not taken any action on the facts listed in the table

Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment C(5) to Supplemental Report
August 29, 2012 - February 28, 2013

Press Release: Georgian Dream Leader Urges Calm Amid Prison Torture Outrage

September 19, 2012

Matthew Leffingwell, Chief of Staff, Representative Kay Granger

Each message included the following disclaimer:

This material is distributed by Downey McGrath Group, Inc. on behalf of its foreign principal Bidzina Ivanishvili. Additional information is on file with the FARA Registration Unit of the Department of Justice, Washington, District of Columbia.



PRESS RELEASE

Georgian Dream Leader Urges Calm Amid Prison Torture Outrage

Tbilisi, Georgia, September 19 - Bidzina Ivanishvili, leader of the Georgian Dream Coalition stated today:

"We condemn in the strongest possible terms these acts of torture by the Georgian government. That such horrible acts occurred just a few kilometers from the Presidential Palace should be unimaginable, but unfortunately this shows the true nature of our leaders.

I know these horrible videos make people angry, but I urge all Georgians to remain calm and be patient. Do not make any rash decisions. Elections are on our doorstep. Do not engage in physical conflict. Under no circumstance should you start unorganized street protests and under no circumstance should your actions be governed by your anger.

We must calmly await elections and stand united in our efforts to bring back the rule of law to Georgia."

-/-

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Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment C(6) to Supplemental Report
August 29, 2012 - February 28, 2013

Information Regarding Torture of Prisoners by the Georgian Government

September 19, 2012

Matthew Leffingwell, Chief of Staff, Representative Kay Granger

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Information Regarding Torture of Prisoners by the Georgian Government

Facts

- On September 18, the Georgian Government uploaded a video showing two individuals beating up a prisoner at Gldani Prison in Tbilisi. In a statement on the Georgian Police website (www.police.ge/index.php?m=8&newsid=3516), they accused Tamaz Tamazashvili of orchestrating the attacks.
- Tamaz Tamazashvili is a political prisoner serving a three and a half year sentence on trumped up charges (see accompanying memo). His son in law is Irakli Gharibashvili, one of Bidzina Ivanishvili's closest advisers.
- We believe the government released this video because they had learned of the pending release of other videos that might be damaging.
- Later on September 18, two videos were released through Maestro TV and TV9 showing widespread and systematic torture at Gldani Prison. Gldani Prisons is touted as the most modern and safe prison in Georgia.
- These videos were smuggled out of the country by Vladamer Bedukadze, a prison guard who could no longer stand being part of such violations of human rights.
- One video (see Videos 1 and 2 below), which was from August 24, 2012, shows over a dozen prison guards taking turns beating new inmates. Both the Chief of Prisons, David Tchakuaha, and the head of Gldani Prison participated in these beatings.
- Another video from May 2011 shows prison guards engaging in violent and grotesque torture of prisoners. (See Video 2 below).
- Obviously, given that Tamaz Tamazashvili was only sent to prison in October 2011, these acts of torture cannot be blamed on him.
- Since the release of this video, David Tchakuahas and Khatuna Kalmakhelidze, the Minister in charge of the prison system, resigned but it is unclear if all responsible will be adequately punished and if this will stop in the future.
- Current Interior Minister Bacho Akhalaia, who was prison system chief in 2005-2008 and who is still oversee the system as Interior minister, has not yet made any public comments.
- Saakashvili made a statement early in the morning on September 19 calling for an investigation. This statement no longer accuses Tamaz Tamazashvili of any involvement.

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- On the night of September 18 and the morning of September 19, several hundred citizens protested the government's actions outside Gldani Prison. Several hundred also protested outside of the Symphony Hall, where President Saakashvili was watching a concert.
- During multiple press conferences and other public appearance, Georgian Dream leaders have urged that citizens remain calm and not provoke civic unrest.

Background on the Prison System in Georgia

- The penitentiary system is extremely brutal (instances of torture, physical abuse and degrading treatment have been revealed; the rights of inmates to life and medical treatment are not ensured; the death rate among inmates is catastrophically high). The right to counsel has been limited to the extreme, to conceal violations of human rights, inhuman and cruel treatment, and crimes committed by the government.
- Given the government nearly perfect conviction rate for defendants and the unfair nature of Georgia's courts, the use of plea bargains has exceeded all reasonable limits, turning them into a mechanism for enforcing and openly serving unlawful goals by granting unfair concessions to some and by levying unjustifiably large fines on "undesirables."
- Politically motivated persecution or intimidation of citizens is widespread. The number of political prisoners in Georgia has exceeded 100

Sample of International Reports on Torture in Georgia

- 2011 US State Department Country Report¹: "The most important human rights problems reported during the year were: 1. Abuse of prisoners and detainees by government officials as well as dangerously substandard prison conditions. 2. Shortfalls in the rule of law, such as concerns about ensuring the judiciary's independent and even-handed application of due process protections."
- 2012 U.S. Congressional Research Service Report²:
 - "Freedom House, an NGO, ranked Georgia as "partly free" in its latest assessment of civil liberties and political rights for 2011. It raised concerns that high-level corruption remains a problem, that electoral districts continue to contain unequal numbers of voters, that the judiciary remains corrupt and subject to executive interference, that police still abuse and torture detainees, and that the government inconsistently engages with civil society."

¹ <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

² <http://www.fas.org/sgp/crs/row/97-727.pdf>

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- According to the State Department's *Country Reports on Human Rights Practices for 2011*, there were reports that government officials continued to employ torture and other inhumane treatment with limited accountability.
- An EU agency stated that beatings and excessive use of force during arrest interrogation, and transfer of detainees were more likely to occur against political oppositionists.

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APPENDIX

**The Case of Political Prisoner Tamaz Tamazashvili:
Illegal Imprisonment of a Georgian Dream Supporter and Former Police Chief**

Tamaz Tamazashvili, the father of a key advisor to opposition leader Bidzina Ivanishvili and a former regional police chief of Kakheti in eastern Georgia, was arrested in October 2011 and charged with the illegal possession of automatic firearms. On April 30, 2012, he was sentenced to three and a half years of prison. The Human Rights Commission of Georgia has declared that Tamazashvili is being held as a political prisoner, and that his arrest and charge are based on falsified documentation and law enforcement misconduct.

Key Points of Concern from the Trial

- Tamazashvili was arrested on October 11, 2011, four days after Bidzina Ivanishvili announced his decision to launch an opposition political movement, the Georgian Dream. Tamazashvili is the father-in-law of Irakli Garibashvili, a key advisor to Ivanishvili, and at that time, president of Ivanishvili's International Charity Fund Cartu and member of the supervisory board of JSC Cartu Bank. He is the former deputy chief of the Highway Patrol of the Ministry of Interior.
- An analysis of the case materials, evidence, witness and defendants' statements, and consideration of the violations of due process by the authorities during the course of the investigation have yielded strong evidence that Tamazashvili was imprisoned on the basis of falsified police reporting.
- The individual who supplied law enforcement with the "evidence" used to indict Tamazashvili has not been questioned, a violation of Georgian Criminal Code paragraph 113.
- Tamazashvili's request for a lawyer was never granted, another violation, this time of Tamazashvili's fundamental right to legal protection.
- Law enforcement agents called in witnesses who work at Dedoplistskaro City Hall, several miles away from Tamazashvili's place of residence, instead of interviewing Tamazashvili's neighbors, which is standard procedure.
- According to Georgian law, as a Major General in the police, Tamazashvili has the right to bear any arms except an automatic weapon. For this reason, it is believed that the police intentionally planted a single grenade and an automatic weapon, which was damaged and fired only after it was dismantled and fixed according to a report prepared by experts at the Ministry of Internal Affairs.
- The search of Tamazashvili's residence was conducted by police detectives, yet the arrest-search report and the witness court reports are surprisingly and noticeably different.
- None of the six detectives involved in the arrest were able to recall what - the search entailed, who removed the automatic firearm from Tamazashvili's alleged possession, who sealed the evidence, who searched Tamazashvili himself, or who towed his car.

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Recent Developments

- While in prison, Tamazashvili suffered a heart attack and had to obtain emergency medical treatment. He remains in very poor health.
- In the last few weeks in the run-up to the October 1 parliamentary elections, the ruling UNM party has made a concerted effort to publically condemn Tamazashvili and attach his reputation. For example, a recent UNM advertisement (see <http://www.youtube.com/watch?v=tesV-E9Zbv0&feature=youtu.be>) includes an attack on Tamazashvili. Similarly, in a recent interview (video available on demand), President Saakashvili, who had previously decorated Tamazashvili, accused him of various illegal activity.

Conclusion

This unfortunate case is yet another example of the Saakashvili Government's attempt to intimidate and suppress the democratic opposition.

Only the international community can help free this political prisoner and counter the rise of oppressive authoritarianism in Georgia.

Attachments

- A) Facts and Evaluation of Tamaz Tamazashvili's Case Prepared by His Attorneys
- B) Biography of Tamaz Tamazashvili

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Attachment A

Facts and Evaluation of Tamaz Tamazashvili's Case Prepared by His Attorneys

Tbilisi City Court has just finished the criminal hearing of the case N: 010111011001 of Tamaz Tamazashvili. The defendant was charged with the Criminal Code Paragraph 236, sections 1 and 2 (acquisition, storage and carrying of a firearm).

The court recognized Mr. Tamazashvili guilty for the above mentioned offense and charged him as follows:

Criminal Code Paragraph 236 section 1—06 months;

Criminal Code Paragraph 236 section 2—3 years;

Criminal Code Paragraph 59—the sentences have been summed and the ultimate sentence has been declared as 3 years and 6 months.

After analyzing the case materials, evidence, witnesses, defendants' statement and the violations of due process in the process of conducting the investigation it becomes clear that Mr. Tamazashvilis' case was subject of law enforcement agent's misconduct and based on falsified documentation thus the verdict of the court is illegal, unfair and unjustified.

Factual evidence analysis:

- the investigation has been initiated based on illegally manufactured and falsified report.
- The individual who supplied the law enforcement with the information has not been questioned. Georgian Criminal Code paragraph 113 has been violated;
- Mr. Tamazashvili has not been read his Miranda Rights;
- Mr. Tamazashvili's family members have not been notified about the arrest;
- Mr. Tamazashvilis request for a lawyer has not been satisfied thus violating his fundamental right of legal protection;
- The search of Mr. Tamazashvilis Car; his personal search and later his house search has been conducted and witnessed by the operatives-detectives of the Law Enforcement Agency (!).
- More so: the same day 11th of October at 14:30 law enforcement agent's conducted the search of Mr. Tamazashvilis house (Dedoplistskaro, 54 Pushkini Str.). Instead of neighbors as witnesses the law enforcement agents brought the employees of the City hall of Dedoplistskaro, several kilometers away from Mr. Tamazashvilis residence.

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--The Agents did not wait for the owner of the house to arrive, who was on the way. It is interesting, if there was the fear of concealing the evidence, who should have concealed it when the house was empty?

--Or what logical explanation should be for the most important fact: Why was it that the firearms which were the property of Mr. Tamazashvili and has been a family relic, was stored some in the safe and some in couches and unregistered automatic weapon and "his" weapon was right there in the entrance of the residence, the place so evident. And the hand-grenade was in the bedroom?

--It should be underlined that Mr. Tamazashvili as a police general, according to Georgian legislation, has the right to bear any arms but an automatic weapon. That's why the police intentionally planted an automatic weapon, which ironically according to the MIA experts report was damaged and fired only after dismantling and fixing the weapon.

--Besides the fact that the search has been conducted by "professional" detectives, it is quite troubling that arrest-search report and the same witness court reports are so drastically different;

--To be precise: None of the six detectives could recall what they were doing exactly during the search. None could recall who was it who extracted the automatic firearm, who was it who sealed, who searched Mr. Tamazashvili, who towed the vehicle, or did they tow it at all and etc.

--there is complete non-concurrence between the hours on the reports of the detectives and witness reports. This justifies the fact that the detectives supplied the court with falsified information and lied to the court. Both acts are offence of the Criminal Code of Georgia and is punishable by the law.

--It is noteworthy that the extraction of the automatic firearm from the vehicle was necessary to stricken the sentence, which in essence states that, there was not only the fact of having an illegal firearm but also having it on your person!

The case study of the evidence, illegality within the due process and the case itself, falsified evidence and other circumstances make it evident that Mr. Tamazashvili is another victim of the existing political regime and he and his family members are intimidated and prosecuted based on their political views. Mr. Tamazashvili was arrested on 11th of October, 4 days after Bidzina Ivanishvili made his entrance into the Politics. Mr. Tamazashvili is father-in-law to Irakli Garibashvili, who according to Bidizna Ivanishvili is his right hand, main support and was at that time the President of Mr. Ivanishvili's International Charity Fund Cartu and a member of the supervisory board of JSC Cartu Bank. Mr. Tamazashvili is also very respected in not only Dedoplistskaro but in Kakheti region. Therefore it was the current regimes calculation to neutralize him politically. This was the main reason why Mr. Tamazashvili was arrested illegally, while he himself has been a decorated Police general and devoted his entire career chancing dozens of criminals and criminal gangs.

In the end: it is noteworthy, that the acting human rights commission has reviewed and unanimously declared on 31st of March 2012 that Mr. Tamazashvili is a political prisoner.

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Attachment B

Biography of Tamaz Tamazashvili

Tamaz Tamazashvili was born on 2nd February 1957 in village Qverno Machkhaani, Signagi region. In 1974 he graduated from Dedoplistskaro high school #1. 1975-1977 he has served in the mandatory military service in Moscow. During this period of time he became a candidate of master athlete, Military service military athlete in almost all class.

1978-1980 worked as a junior operative at the police. 1981 he got accepted at the police academy.

1982 he became the champion of the Soviet Union in individual and group pentathlon.

1985 he graduated from the police academy. 1985-1987 worked at Tbilisi ex-first May police station as a criminal detective.

1987-1990 worked at the central police station of Tbilisi as division chief.

1990-1994 worked as the chief of police of Dedoplistskaro.

1994-1995 worked as the criminal investigative division chief of Kakheti region.

1995-1996 worked as the head of the unit for organized crime, racketeering and economic diversion in the Kakheti region.

1996-2001 worked as the chief of police of Kakheti region.

2001-2003 worked as the deputy chief of the highway patrol of the Ministry of Interior Affairs of Georgia.

In 2000 has been awarded a Major General of the Police of Georgia for successfully combating armed gangs, Long-term service in the ranks of the MIA of Georgia, for honest work and distinguished professionalism and service to his country.

1991-1993 participated in the armed conflicts of Abkhazia and South Ossetia. Has been awarded the medal of Vakhtang-Gorgasali 3rd degree, medal of dignity, medal for bravery, is awarded MIA distinguished serviceman, has been promoted 45 times with certificates of professionalism and MIA letters of Gratefulness.

Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment C (7) to Supplemental Report
August 29, 2012 - February 28, 2013

**Press Release: Opposition Georgian Dream Wins Overwhelming Majority of
Parliamentary Seats in Georgian Election: Polls Show Bidzina Ivanishvili Coalition Will
Control Over 2/3rds of Parliament**

October 1, 2012

Matthew Leffingwell, Chief of Staff, Representative Kay Granger

Rachael Leman, Legislative Assistant, Congressman David Dreier

Each message included the following disclaimer:

This material is distributed by Downey McGrath Group, Inc. on behalf of its foreign principal Bidzina Ivanishvili. Additional information is on file with the FARA Registration Unit of the Department of Justice, Washington, District of Columbia.



PRESS RELEASE

Opposition Georgian Dream Wins Overwhelming Majority of Parliamentary Seats in Georgian Election: Polls Show Bidzina Ivanishvili Coalition Will Control Over 2/3rds of Parliament

Tbilisi, Georgia 2 October 2012 – Exit poll results confirmed that the opposition Georgian Dream coalition scored an overwhelming victory in yesterday's parliamentary election in Georgia. The analysis, sponsored by Maestro and performed by Penn Schoen Berland, projected that the Georgian Dream has won at least 93 seats in Parliament, compared to 46 seats for the ruling UNM, with 11 seats too close to call. This includes a minimum of 44 single mandate seats and 49 members from the party list for Georgian Dream and 18 single mandate and 28 majoritarian members for UNM. The results are based on a poll of over 17,000 voters.

This follows a concession by President Mikheil Saakashvili, who acknowledged, "But even now, according to exit polls, it may be said that in proportional voting, Coalition Georgian Dream prevails." This concession validates the findings of four exit polls, including two that were funded by the government and two funded by the opposition. The results of those four polls showed Georgian Dream winning by an average of 24%. The exit poll with the most released data, by Penn Schoen Berland, showed the Georgian Dream winning 10 of the 11 regions in Georgia by an average of 36%.

Contact:

Maia Panjikidze, spokesperson for Georgian Dream;
maiapanji@gmail.com, +995 32 22 05 078, +995 59 1007 800, Brussels contact +32 (0)475 44 09 18

Downey McGrath Group, Inc.

FARA Registration # 6122

Attachment D to Supplemental Report

August 29, 2012 - February 28, 2013

Question 15 (c):

DISBURSEMENTS-POLITICAL CONTRIBUTIONS

During this 6 month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office?

Date	Amount or Thing of Value	Political Organization or Candidate	Location of Event
9/6/2012	\$2,500.00	Massachusetts State Democratic Party	NA
9/6/2012	\$500.00	Town of Babylon Democratic Committee	Lindenhurst, NY
9/23/2012	\$500.00	Buck McKeon for Congress (Buck McKeon)	NA
9/23/2012	\$500.00	George Allen for US Senate (George Allen)	Alexandria, VA
9/23/2012	\$1,000.00	National Republican Congressional Committee	Washington, DC
9/24/2013	\$500.00	Friends of Dan Maffei (Dan Maffei)	NA
9/26/2013	\$500.00	Rick Nolan for Congress (Rick Nolan)	NA
9/27/2012	\$1,000.00	LA PAC (Henry Waxman)	Washington, DC
10/16/2012	\$1,000.00	Shelby County Democratic Party	NA
2/28/2013	\$500.00	Friends of Rosa DeLauro (Rosa DeLauro)	Washington, DC

Downey McGrath Group, Inc.
FARA Registration # 6122
Attachment E to Supplemental Report
August 29, 2012 - February 28, 2013

Question 19:

During this 6 month reporting period, did your activities in preparing, disseminating or causing the dissemination of informational materials include the use of any of the following:

Electronic Communications

Website URL(s):

<http://www.hrw.org/news/2012/09/19/georgia-investigate-sexual-abuse-prison>

http://georgia.usembassy.gov/programs-and-events/embassy_news2012/das_press_conference.html

<http://www.bbc.co.uk/news/world-europe-19646826>

http://georgia.usembassy.gov/latest-news/official_statements2012/statement-by-the-u.s.-embassy-september-19

<http://www.rferl.org/content/georgian-prisons-minister-resigns-abuse-claims/24712932.html>

<http://www.rferl.org/content/georgia-prison-abuse-video-tbilisi-scandal/24713136.html>

<http://au.news.yahoo.com/thewest/a/-/world/14896880/georgia-deploys-police-in-prisons-after-torture-scandal/>

<http://www.euronews.com/2012/09/19/georgia-prisons-minister-resigns-after-revelations-of-inmate-torture-and-rape/>

<http://rt.com/news/georgia-torture-prison-protest-455/>